

Snowy Monaro Regional Council

Financial Plans for

Water Supply and Sewerage



January 2019

Snowy Monaro Regional Council

Services	Council provides the essential water and sewerage services to some 8,500 properties in the Snowy Mountains and Monaro regions of NSW.
Charter	<p>Council's Local Government Charter is detailed here. https://www.snowymonaro.nsw.gov.au/191/Councils-Charter</p> <p>Some clauses that are specifically relevant to these financial plans are:</p> <ul style="list-style-type: none">• To provide [...] adequate, equitable and appropriate services and facilities for the community and to ensure that those services are managed efficiently and effectively• To properly manage, develop, protect, restore, enhance and conserve the environment [...].• To have regard to the long term and cumulative effects of its decisions• To bear in mind that it is the custodian and trustee of public assets and to effectively account for and manage the assets for which it is responsible• To raise funds for local purpose by the fair imposition of rates, charges and fees, by income earned from investments and, when appropriate, by borrowings and grants• To ensure that, in the exercise of its regulatory functions, it acts consistently and without bias, particularly where an activity of Council is affected <p>(Source: Council's Web Site, 8Jan18).</p>

Snowy Monaro Regional Council

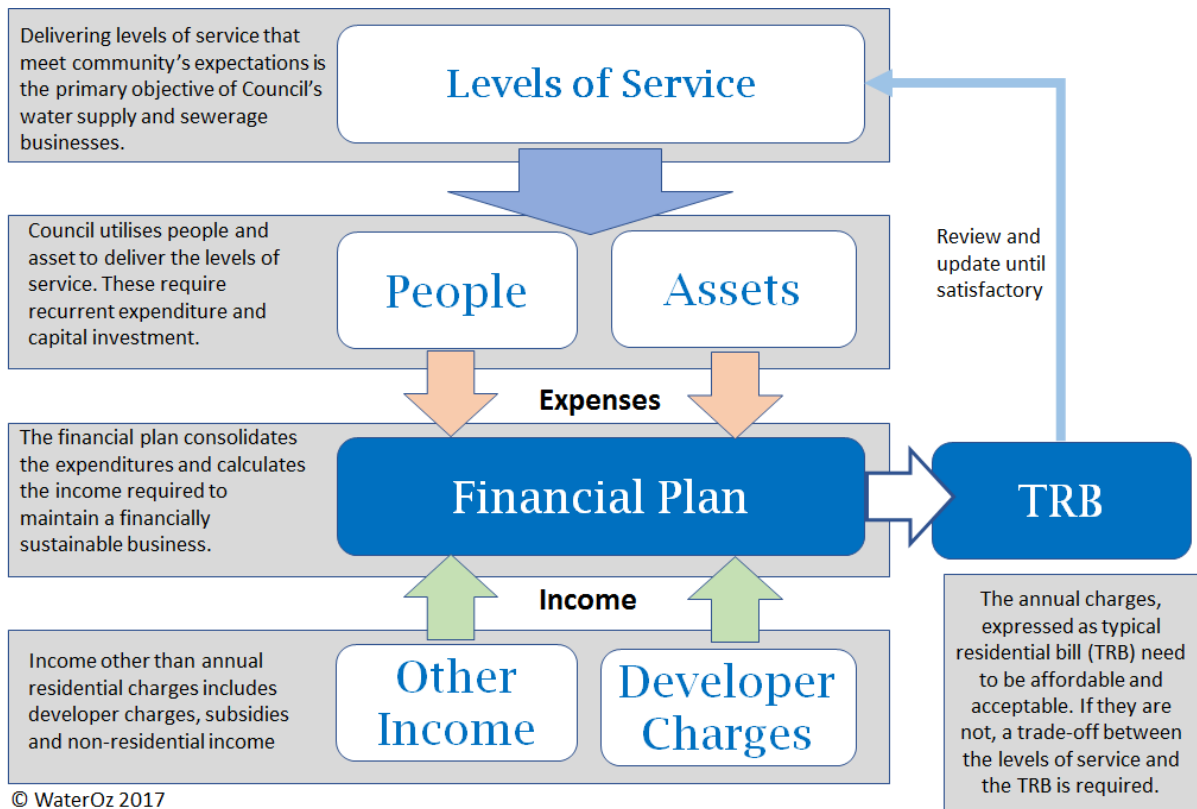
Financial Plan for Water Supply and Sewerage

Document Control

Revision	2	Date	24 January 2019
Author	GAZ		
Authorised	G. Azar		
Document	W1163_SMRC_Finplan_WS&S_2019_Rev2		

This revision supersedes previous versions of this document.

The financial planning process is described in the following chart



CONTENTS

1	Introduction	6
2	Summary and Recommendation	7
2.1	Water Supply	7
2.2	Sewerage.....	7
2.3	Review	7
3	Summary of Data Input	8
3.1	Historical Financial Statements.....	8
3.2	Financial Data.....	8
3.3	Assessments	8
3.4	Developer Charge.....	10
3.5	Sanity Check of Depreciation of System Assets Depreciation	10
3.6	Plant and Equipment.....	11
3.7	Existing Loans	11
3.8	Capital Works	12
3.9	Sanity Check for Capital Investment for Renewals	13
3.10	Operation, Maintenance and Administration Costs	14
3.11	Contributions.....	14
3.12	Pensioner Assessments	15
3.13	Revenue Split	15
3.14	Typical Residential Bill.....	16
4	Financial Modelling Introduction.....	17
4.1	Methodology	17
4.2	Modelling Parameters.....	17
5	Water Supply Financial Model	18
5.1	Financial Data.....	18
5.2	Modelling Cases Water Supply.....	18
5.3	Capital Works and Grants.....	18
5.4	Water Supply – Base Case.....	19
5.5	Water Supply Case 2.....	20
5.6	Water Supply Case 3.....	21
5.7	Water Supply Case 4.....	22
5.8	Water Supply Case 5.....	24
6	sewerage Financial Model	26
6.1	Financial Data.....	26
6.2	Modelling Cases Sewerage	26
6.3	Capital Works and Grants.....	26
6.4	Sewerage – Base Case	27
6.5	Impact of small TRB increase	28
6.6	Sewerage – Case 2	30
6.7	Sewerage – Case 3	31
6.8	Sewerage – Case 4	32
6.9	Sewerage – Case 5	33

Appendix A Special Schedules for Water Supply and Sewerage	35
Appendix B Water Supply Capital Works Program.....	36
Appendix C Sewerage Capital Works Program.....	38
Appendix D Water Supply FINMOD Outputs Base Case	40
Appendix E Sewerage FINMOD Outputs Base Case.....	42

LIST OF TABLES

Table 1: Water Supply Modelling Summary.....	7
Table 2: Sewerage Modelling Summary	7
Table 3: Financial Data.....	8
Table 4: Number of Assessments.....	8
Table 5: Number of Assessments discrepancy.....	9
Table 6: Annual Growth (ET)	9
Table 7: Backlog Assessments (Villages).....	10
Table 8: Developer Charge per ET	10
Table 9: System Asset Values	10
Table 10: Plant and equipment.....	11
Table 11: Existing Loans (\$'000).....	11
Table 12: Base Case 30 Year Capital Works Program (2018/19 \$'000).....	12
Table 13: Renewal Investment Sanity Check	13
Table 14: Revenue Split.....	15
Table 15: 2018/19 TRB.....	16
Table 16: Water Supply Modelling Cases	18
Table 17: Sewerage Modelling Cases	26
Table 18: Impact of small increase (2018/19 \$).....	28

LIST OF FIGURES

Figure 1: Water Supply Capital Works and Growth – Base Case.....	19
Figure 2: Water Supply Results - Base Case.....	20
Figure 3: Water Supply Capital Works and Growth – Case 2	20
Figure 4: Water Supply Results - Case 2.....	21
Figure 5: Water Supply Capital Works and Growth – Case 3	22
Figure 6: Water Supply Results - Case 3.....	22
Figure 7: Water Supply Capital Works and Growth – Case 4	23
Figure 8: Water Supply Results - Case 4.....	23
Figure 9: Water Supply Cases 4 and 5 Growth.....	24
Figure 10: Water Supply Results - Case 5.....	25
Figure 11: Sewerage Capital Works and Growth – Base Case.....	27
Figure 12: Sewerage Results - Base Case	28
Figure 13: Base Case Cash Comparison.....	29
Figure 14: Base Case Debt Comparison	29
Figure 15: Base Case Debt-Service Ratio Comparison.....	30

Figure 16: Sewerage Capital Works and Growth - Case 2	30
Figure 17: Sewerage Results – Case 2	31
Figure 18: Sewerage Capital Works and Growth - Case 3	31
Figure 19: Sewerage Results- Case 3	32
Figure 20: Sewerage Capital Works and Growth - Case 4	33
Figure 21: Sewerage Results - Case 4	33
Figure 22: Sewerage Capital Works and Growth - Case 5	34
Figure 23: Sewerage Results - Case 5	34

1 INTRODUCTION

Snowy Monaro Regional Council (SMRC) is the local water utility responsible for delivering water supply and sewerage services in its Local Government Area. SMRC was created in May 2016 by the merger of the former Cooma-Monaro Shire Council, Snowy River Shire Council and Bombala Council.

These financial plans are components of SMRC's water supply and sewerage planning strategy, part of the NSW Government best-practice management framework for local water utilities.

This report contains two 30-year financial plans, one for the water supply fund and one for the sewerage fund, commencing July 2018. The first year of the financial plans is 2018/19.

The NSW Financial Planning Model (FINMOD) was used for preparing the plans, using input data provided by SMRC.

The plans set out the long term (30 years) price path SMRC will need to levy to fund recurrent costs and capital investment required for delivering the levels of service set out in Council's strategic business plan. The price path is provided as typical residential bill (TRB).

The projections in these financial plans, including the TRB, are in 2018/19 dollars. They need to be adjusted annually for movements in the consumer price index (CPI).

Local water utilities are required to review and update their financial plans annually.

Typical Residential Bill

Water supply TRB: the bill paid by a residential customer who uses the average residential water consumption and is not a pensioner.

Sewerage TRB: the annual sewerage bill paid by a residential customer who is not a pensioner.

2 SUMMARY AND RECOMMENDATION

2.1 Water Supply

The long-term financial modelling of the water supply scheme included five cases (scenarios), with different capital works programs, operation maintenance and administration (OMA) costs and growth. A summary of the cases is shown in Table 1. For further explanation of the data in the table refer to Section 5.2 on page 18.

The current TRB is \$720. As shown in Table 1, with the exception of Case 4, all cases can be funded without the need to increase the TRB above CPI.

Table 1: Water Supply Modelling Summary

Case	TRB (+CPI)	Jindabyne WFP	Villages	Grants \$M	30-yr Capex \$M	Growth New ET pa
Base	\$720	No	No	15.2	118.0	50
2	\$720	Yes	No	25.2	138.0	50
3	\$720	Yes	No	35.2	153.8	50
4	\$740	Yes	Yes	33.1	153.8	50
5	\$740-760	Yes	Yes	33.1	153.8	40

2.2 Sewerage

The long-term financial modelling of the sewerage scheme included five cases, with different capital works programs, OMA costs and growth. A summary of the cases is shown in Table 2. For further explanation of the data in the table refer to 6.2 on page 26.

The current TRB is \$900. Shown in Table 2, some cases require a small increase

Table 2: Sewerage Modelling Summary

Case	TRB (+CPI)	Villages	Grants \$M	30-yr Capex \$M	New ET pa
Base	\$900/920*	No	7.0	98.7	50
2	\$900	No	14.0	98.7	50
3	\$900	Bredbo	14.9	106.2	50
4	\$940	Yes	23.5	123.4	50
5	\$960	Yes	23.5	123.4	40

* For the base case, a TRB of \$900 involves high borrowing and unacceptable risk. An increase to \$920 is recommended. Refer to Section 6.5 on page 28 for discussion

2.3 Review

The capital works program and financial plans should be reviewed annually. This is a requirement of the best-practice management framework, and is important for Council to ensure that early action can be taken if the financial performance of the water supply and/or sewerage businesses varies from the projections.

3 SUMMARY OF DATA INPUT

3.1 Historical Financial Statements

Financial statements (Special Schedules 3 to 6) were provided for 2017/18 for the water supply and the sewerage funds. The balance sheet is the starting point of the financial projections, and the values in the income statement are the default values for forecasting line items. Some of the default values were overridden, as described in this report. The financial statements are included in Appendix A.

3.2 Financial Data

The financial data parameters used in the model are summarised in Table 1. The values used in the plans were nominated by Council.

The values recommended by DoI Water are also shown. However, the DoI Water values have not been updated for a number of years, and they may not reflect the prevailing low interest environment.

Table 3: Financial Data

Parameter	DPI Water	Used in these Plans (Base Case)
Inflation rate	2.5% p.a.	2.5% p.a.
Borrowing interest rate	6.5% p.a.	3.9% p.a.
Investment interest rate	5.5% p.a.	2.7% p.a.
Term of new loans	20 years	20 years
Average life of new system assets	70 years	70 years

Source: 2018 financial plan.

3.3 Assessments

3.3.1 Starting Number of Assessments

The number of assessments at the commencement of the plans (July 2018) was taken as shown in Table 4.

Table 4: Number of Assessments

Service	Residential	Non-Residential	TOTAL	Residential Vacant
	Including vacant lots			
Water Supply	7,658	926	8,564	323
Sewerage	6,937	755	7,619	411

Source: SMRC Special Schedules 3 and 5 for 2017/18.

Potential issues relating to the number of assessments:

1. The water supply assessments in 2018 are lower than the number of assessments in 2017. The discrepancies are shown in Table 5.

Table 5: Number of Assessments discrepancy

Service	June 2017 total assessments	New ETs in 2017/18	June 2018 expected assessments ¹	June 2018 total assessments	Discrepancy
Water Supply	8,610	63	8,673	8,564	-109
Sewerage	7,619	63	7,682	7,692	10

¹Assuming that 1 new ET (equivalent tenement) = 1 assessment

2. The number of sewerage vacant assessments is likely to be an error, based on the following observations:
 - a. There is a significant increase in the number of sewerage vacant lots in the last year, from 321 in June 2017 to 411 in June 2018.
 - b. There are more sewerage vacant assessments than water supply vacant assessments, 411 and 323 for the sewerage and the water supply respectively.

These issues indicate that there is likely error in the data. It is possible that the error occurred in the previous year and this has been corrected in the 2017/18 special schedules.

3.3.2 Growth Projections

Council requested that the financial plan be modelled with growth of 50 ET pa (source: email dated 23Jan19).

On this basis, the annual growth for the base case was taken as:

- ❑ Residential assessments: 48 (=22 ET)
- ❑ Non-residential assessments: 2 (=2 ET)

These growth projections are lower than the historical growth, as shown in Table 6.

Table 6: Annual Growth (ET)

Service	Historical			Proposed for these financial plans
	2016/17	2017/18	2018/19 (half a year only)	
Water Supply	37	63	50	50
Sewerage	37	63	51	50

Modelling low growth projections is a worst-case scenario. Growth in excess of the expectations would have a positive impact on the sewerage fund financial position. Both the water supply and sewerage funds were modelled with a low growth case (40 new ET pa).

3.3.3 Backlog Assessments

Backlog is the provision of water supply and/or sewerage services to existing development that is not currently serviced. Backlog assessments are added as paying customers, but unlike growth assessments, backlog assessments do not pay developer charges.

The backlog assessments are shown in Table 7. It was assumed that customers in the backlog areas would commence paying charges when the project is under construction. Investment in backlog projects were not included in all cases. For the cases that include provision of services to backlog areas refer to Table 16 and Table 17.

Table 7: Backlog Assessments (Villages)

Village	Water Supply		Sewerage	
	Year ¹	No. ²	Year ¹	No. ²
Bredbo	-	-	2031/32	135
Michelago	2026/27	66	2026/27	66
Numeralla	2029/30	46	2034/35	46

Source: ¹Capital Works Programs. ²2018 Financial Plan.

3.4 Developer Charge

For assessing the developer charges for new development, it was assumed that each new residential and non-residential assessment is 1 ET. The developer charges used in FINMOD are shown in Table 8. These were assumed to continue for the entire planning period, with annual CPI adjustments.

Table 8: Developer Charge per ET

Developer Charge per ET	Water Supply	Sewerage
2016/17	\$5,571	\$6,460

Sources: calculated from income and ETs in 2017/18, as advised by SMRC in email 8Jan19.

3.5 Sanity Check of Depreciation of System Assets Depreciation

Table 9 shows the calculated asset lives based on their current values and depreciation. The average lives of system assets for both water supply and sewerage assets are different to the standard recommended by DoI Water of 70 years.

There is no major issue with the data presented in Table 9, but it is recommended that Council review whether the depreciation values are appropriate. High depreciation values have negative impact on the operating results.

The depreciation does not affect the TRB calculation which is based on cash transactions.

Table 9: System Asset Values

Item	Water Supply	Sewerage
Current Replacement Cost (A)	\$201,185 K	\$140,530 K

Item	Water Supply	Sewerage
Written Down Current Cost (B)	\$91,687 K	\$72,462 K
2017/18 Depreciation (C)	\$3,283 K	\$2,342 K
Estimated Average Life of Assets (years) (A/C)	61	60
Estimated Remaining Life of Assets (years) (B/C)	28	31

3.6 Plant and Equipment

3.6.1 Depreciation

The values of existing plant and equipment at the commencement of the planning period (July 2018), and the depreciation in 2017/18 are shown in Table 10.

Table 10: Plant and equipment

Fund	Written Down Cost (\$'000)		Annual Depreciation (\$'000)	Remaining Life (years)
	June 17	June 18		
Water Supply	533	3,251	65	50
Sewerage	446	1,897	61	31

DoI Water recommends depreciating existing plant and equipment over seven years. It appears that the WDC of the plant and equipment is in error, as it jumped significantly in the last year as shown in Table 10. The depreciation does not affect the results of the financial plan.

3.6.2 Plant and Equipment Expenditure

Council provided plant and equipment expenditure schedules for the next 10 years. The average annual value of the first 10 years was used for the subsequent years.

3.6.3 Plant and Equipment Sales

Council provided expected income from plant and equipment expenditure sales for the next 10 years. The average annual value of the first 10 years was used for the subsequent years.

3.7 Existing Loans

The existing loans are shown in Table 11.

Table 11: Existing Loans (\$'000)

Fund	Balance as of 30 June 2018
Water Supply	349
Sewerage	1,428

Source: *Special Schedule 4 and 6.*

Loan payment schedule was provided for the water supply, showing that the loan will be paid by 2021/22.

Council advised that the balance of the sewerage loan was paid in full in 2018/19, the first year of projections.

3.8 Capital Works

3.8.1 Introduction

Water supply and wastewater businesses are capital intensive. The capital works programs are a critical input to the financial plans.

The capital works programs are typically divided into three categories:

- ❑ Improved levels of service (also referred to as subsidised scheme): Works required for improving services to existing development, such as providing reticulated wastewater to unserved villages or improvements to drinking water quality.
- ❑ Growth: Works required to service new development.
- ❑ Renewals: Replacement of assets that have reached the end of their economic life

Council provided capital works projections.

3.8.2 Capital Investment – Base Case

The summary of capital works programs for the Base Case is shown in Table 12.

Appendices B and C include detailed capital works programs of the water supply and sewerage funds respectively.

Table 12: Base Case 30 Year Capital Works Program (2018/19 \$'000)

Group	Water Supply	Sewerage
Improved LOS	33,066	12,218
Growth	15,366	23,043
Renewals	69,527	63,405
Total	117,958	98,665

Source: Council's spreadsheets *20181219 Capex SMRC Water 30 year program Dec 2018 revision for 2020 Budget and Finplan* and *20181219 Capex SMRC Sewer 30 year program Dec 2018 revision for 2020 Budget and Finplan*.

3.8.3 Modelling Cases

The Base Case excludes:

- ❑ Water supply: Jindabyne Water Filtration Plant (WFP), backlog villages (Numeralla and Michelago).
- ❑ Sewerage: Backlog villages (Bredbo, Numeralla and Michelago).

The modelling included some variations of the capital works program – for details refer to Table 16 and Table 17.

For discussion of the different capital works scenarios for the water supply and subsidy, refer to Sections 5.3 and 6.3.

3.8.4 Capital Works Grants

Grants are an important component in funding the capital investment. Council advised that it had secured the following grants:

- ❑ Water Supply: \$15.2 million for Bombala and Delegate WTP.
- ❑ Sewerage: \$7 million for Bombala STP.

A grant of 50% was assumed for future capital projects that are not part of the base, except that the Jindabyne WFP was also modelled with 100% grant. Council advised that these projects are unlikely to proceed without grants.

3.9 Sanity Check for Capital Investment for Renewals

3.9.1 Introduction

The purpose of the sanity check is to compare the capital investment for renewals to the depreciation of system assets. It was assumed that the existing system assets will be depreciated at the same amount (i.e. 2017/18 annual depreciation, CPI adjusted) over the next 30 years.

This sanity check only applies to existing assets. The depreciation of future assets is not included, and it is assumed that all the renewal investment over the next 30 years applies to the existing assets.

3.9.2 Data

Table 13 summarises SMRC's water supply and sewerage system assets status and the requirement for renewal investment.

Table 13: Renewal Investment Sanity Check

Item	Water Supply	Sewerage
Current Replacement Cost (CRC) ¹	\$201,185 K	\$140,530 K
Written Down Current Cost (WDCC) ¹	\$91,687 K	\$72,462 K
Current Financial Status (WDCC/CRC)	45%	52%
Annual Depreciation (2017/18) ¹	\$3,283 K	\$2,342 K
Estimated 30 Year Depreciation	\$98,490 K	\$70,260 K
30 Year Renewals ²	\$69,527 K	\$63,405 K

Sources: ¹Special Schedules 3-6; ²Capital Works Programs (base case).

3.9.3 Analysis

The forecast investment in renewals for both the water supply and the sewerage funds is lower than the anticipated depreciation over the next 30 years, and it may cause further deterioration of the assets. Council should continue to update the renewal program annually to ensure that the condition of the assets remains viable.

Disclaimer: This analysis is based on accounting values only and is not a substitute to asset analysis that is typically prepared as part of a Total Asset Management Plan.

3.10 Operation, Maintenance and Administration Costs

FINMOD automatically increases the operations, maintenance and administration (OMA) costs proportional to the growth (and to CPI). In addition, Council forecasts that the OMA costs will increase, reflecting general increase and the OMA cost of new assets.

3.10.1 Water Supply

Council advised the following increases:

- ❑ Year 2 - 2019/20 onwards – 15% increase in operations and maintenance costs and 5% increase in the administration and engineering cost.

The above is the default OMA costs referred to in Table 16. In addition, the following impacts on the O&M costs were included in the cases that include additional capital works:

- ❑ \$300,000 increase to O&M costs for the cases that include water filtration plant in Jindabyne. This was not applied to management.
- ❑ \$100,000 pa for each backlog village.

Refer to Table 16 for details.

3.10.2 Sewerage

Council advised the following increases:

- ❑ Year 2 - 2019/20 onwards – 15% increase in operations and maintenance costs and 5% increase in the administration and engineering cost.
- ❑ Year 3 onwards – 25% O&M increase due to new high energy consuming STP at Bombala. This was applied to the energy costs only.
- ❑ Year 5 onwards – 10 % O&M increase due to new high energy consuming STP at Adaminaby. This was applied to the energy costs only.

The above is the default OMA costs referred to in Table 17. In addition, the following impacts on the O&M costs were included in the cases that include sewerage villages:

- ❑ \$100,000 pa for each backlog village.

Refer to Table 17 for details.

3.11 Contributions

Other than developer charges, no contributions are forecast.

3.12 Pensioner Assessments

Pensioner assessments are calculated by FINMOD based on the grants for pensioner rebates in 2016/17. The calculated number of pensioner assessments were 789 and 873 (10% and 12.6% of residential assessments) in the water supply and sewerage funds respectively.

The percentages of pensioner assessments are significantly lower than last year, and lower than typical values in country towns. It is recommended that the value of pensioner rebates subsidies be checked to ensure that SMRC receives the full subsidy.

3.13 Revenue Split

The proportion of income that is generated from non-residential customers has a significant impact on the outcomes, as typical residential bills are affected by the contribution of non-residential customers to the total income. The historical income splits are shown in Table 14.

Table 14: Revenue Split

Component	Water Supply		Sewerage
	Historical Data ¹	Used in Modelling	Historical Data ²
Residential Revenue	73.3%	65%	83.3%
Non-residential Revenue	25.7%	34%	16.0%
Extra Charges	1.0%	1%	0.7%
Total	100%	100%	100%

Source: ¹Special Schedule 3. ²Special Schedule 5.

Water Supply: The proposed pricing strategy developed in 2018 envisaged that the revenue split would be approximately 65%-35% residential - non-residential. Council advised that the non-residential income in 2017/18 was below the expectation due to issues with the billing system. This created a revenue split with the non-residential sector contributing less than expected. Council further advised that, for the modelling, the split should be as forecast by the pricing strategy.

Sewerage: The values in Table 14 were assumed to remain for the planning period.

3.14 Typical Residential Bill

The water supply typical residential bill (TRB) is the bill paid by a residential customer who uses the average residential water consumption and is not a pensioner i.e. annual charges plus average water usage charge.

The current TRB was estimated based on the current charges and on the average residential consumption per property. The calculation is shown in Table 15.

Table 15: 2018/19 TRB

Item	Water Supply	Sewerage
Access charge ¹	\$258	\$900
Usage charge		
▪ Per kL (step 1 up to 300 kL) ¹	\$3.06	-
▪ Per assessment, based on 151 KL/a ²	\$462	
Total TRB	\$720	\$900
% paid by vacant assessment	36%	100%

Source: ¹SMRC Revenue Policy ²TBL report 2015/16.

4 FINANCIAL MODELLING INTRODUCTION

4.1 Methodology

The main output of the financial plan is the TRB for the next 30 years. The purpose of the modelling is to identify the lowest TRB that:

- ❑ Allows Council to fund the operation, maintenance and administration (OMA) expenses and the capital investment of the schemes.
- ❑ Maintains the financial sustainability of the water supply and the sewerage funds.

The TRB is used as a measure of affordability, and it sets the price path Council needs to set in order to meet the levels of service.

FINMOD provides detailed financial statements for each fund. The financial statements for base cases are included in the appendices to this report (see Appendices D and E). Sensitivity analysis cases have been developed to identify the impact of different variables on the TRB. A summary of the outcomes is provided in this plan.

The financial outcomes (e.g. TRB, cash and investment) are shown in 2018/19 dollars. The figures shown in this plan need to be CPI-adjusted annually to reflect inflation.

The financial modelling provides target TRB and annual income. Developing tariff options is outside the scope of this report.

4.2 Modelling Parameters

The following modelling parameters were used.

- ❑ Target minimum cash in each fund is \$2 million, but the cash reserves is allowed to drop to around \$1.5 million in order to reduce borrowing.
- ❑ As a minimum, TRB is to be increased with CPI. If required, further increases are introduced.
- ❑ Borrowing is taken when required, to keep the TRB at the lowest sustainable level.

5 WATER SUPPLY FINANCIAL MODEL

5.1 Financial Data

As of June 2018, the water supply fund had cash and investments of \$15.7 million and outstanding borrowings of \$0.3 million.

5.2 Modelling Cases Water Supply

The modelled cases are shown in Table 16. D indicates default values (refer to notes). All cases include upgrade to the water treatment plants in Bombala and Delegate.

Table 16: Water Supply Modelling Cases

Case	OMA Cost ¹	Jindabyne WFP	Backlog Villages ²	Grant \$M ³	30-yr Capex \$M ³	Growth (New ET pa) ⁴
Base (1)	D	No	No	15.2	118.0	50
2	D+\$300k	Yes	No	25.2	138.0	50
3	D+\$300k	Yes	Yes	35.2	153.8	50
4	D+\$500k	Yes	Yes	33.1	153.8	50
5	D+\$500k	Yes	Yes	33.1	153.8	40

Notes to Table 16:

1. *Default:* Refer to Section 3.10.1. For Cases 2-5, additional \$300k reflecting the OMA cost of the Jindabyne water filtration plant. For cases 4 and 5, additional \$200k pa reflecting the OMA cost of the backlog villages, from 2021/22.
2. Backlog villages are Michelago and Numeralla. Refer to Table 7 on page 10.
3. Refer to Section 5.3 below.
4. The value for cases 1-4 are as per section 3.3.2 (23 new ET pa). High growth in case 5. As shown in that section, the growth rates in the last 3 years have been significantly higher).

5.3 Capital Works and Grants

As shown in Table 16, there are three capital works scenarios, as described below.

- ❑ Base case: \$118 million, including a grant for Bombala and Delegate WTP.
- ❑ Case 2: \$138 million. The difference from the base case is \$20 million for Jindabyne WFP, and a 50% grant. It is likely that the construction of the WFP will be conditional upon receipt of a grant.
- ❑ Cases 3: Same as Case 2, except that a 100% grant for Jindabyne WFP was assumed.
- ❑ Cases 4 and 5: \$153.8 million is the full capital works program including Jindabyne WFP and reticulated water supply to Michelago and Numeralla. The scenario includes 50% grant for Jindabyne WFP (as in Case 2) and 50% grants for the villages. It is unlikely that Council will proceed with these projects unless grant is available.

5.4 Water Supply - Base Case

The base case is described in Table 16.

5.4.1 Water Supply Base Case - Capital Works and Growth

The capital works, grants and growth projections for the Base Case are shown in Figure 1.

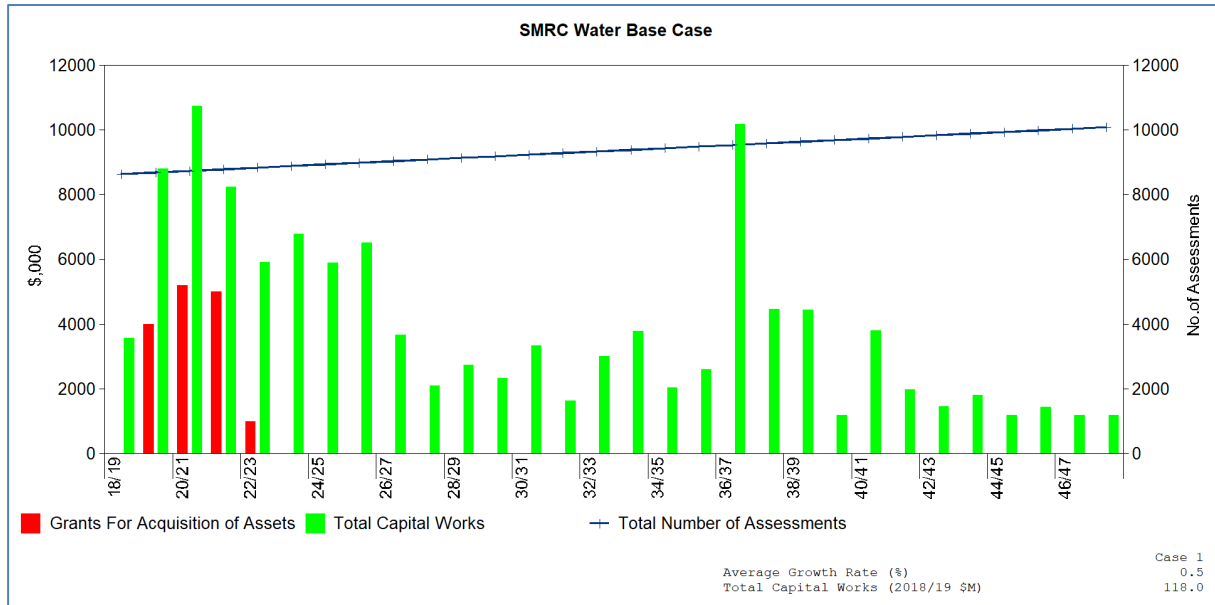


Figure 1: Water Supply Capital Works and Growth – Base Case

5.4.2 Water Supply Base Case - Outcomes

The Base Case outcomes are summarised below and shown in Figure 2.

- ❑ Typical residential bill: The financial modelling indicates that the TRB can remain at \$720 (CPI adjusted). The modelling indicates that Council will have the opportunity to reduce the TRB in approximately 10 years.
- ❑ Cash and investment: As shown in Figure 2, the modelling forecasts significant cash build up towards the end of the planning period.
- ❑ Borrowings: No borrowing would be required.

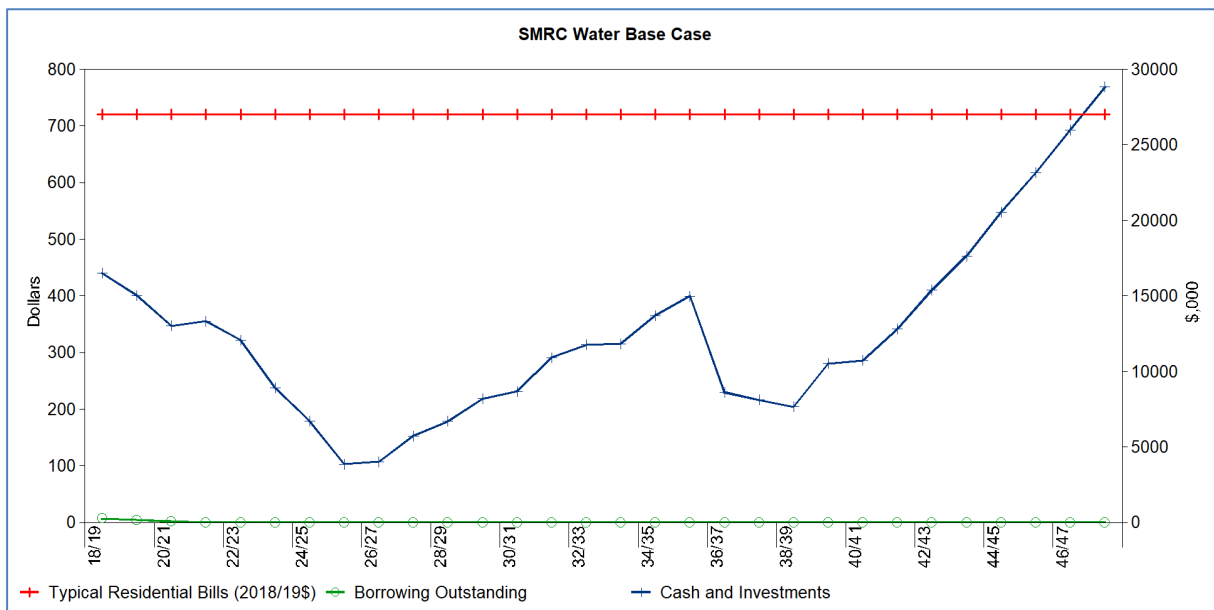


Figure 2: Water Supply Results - Base Case

5.5 Water Supply Case 2

Case 2 is described in Table 16. The capital works program is explained in Section 5.3. As explained in Section 5.2, the OMA cost is also increased by \$300k from 2025/26.

5.5.1 Water Supply Case 2 - Capital Works and Growth

The capital works, grants and growth projections are shown in Figure 3.

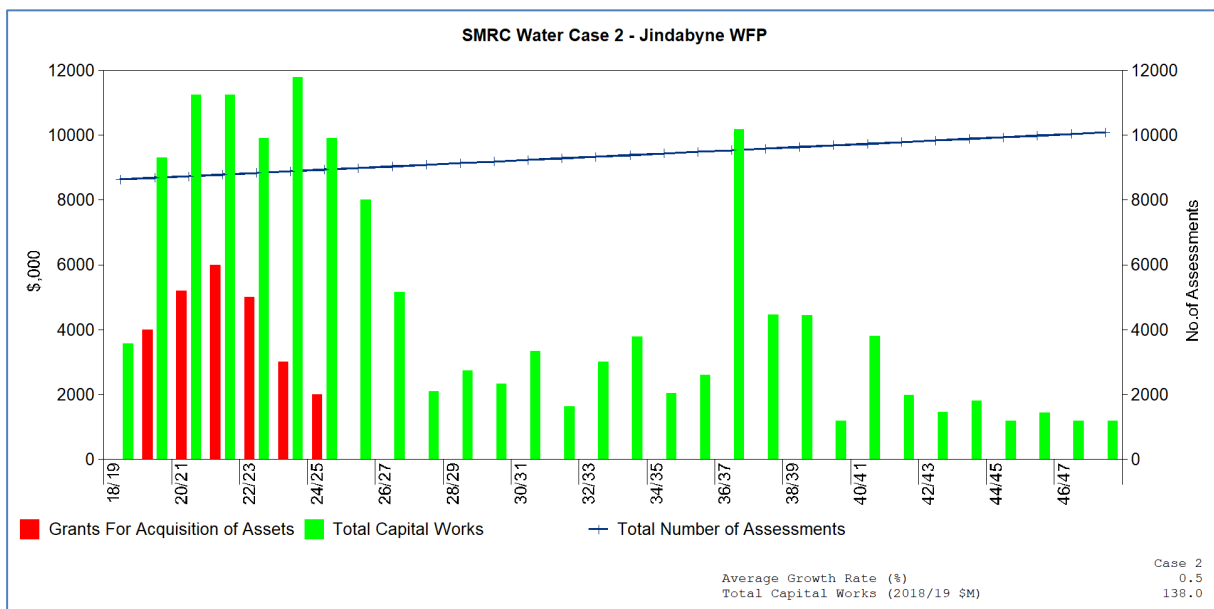


Figure 3: Water Supply Capital Works and Growth – Case 2

5.5.2 Water Supply Case 2 - Outcomes

The outcomes of Case 2 are summarised below and shown in Figure 4.

- ❑ TRB: The financial modelling indicates that the TRB of \$720 (+CPI) can be maintained. Council will have the opportunity to reduce the TRB in approximately 20 years.

- ❑ Cash and investment: The modelling forecasts sufficient cash reserves throughout the planning period.
- ❑ Borrowings: Moderate borrowing totalling \$24 million is envisaged.

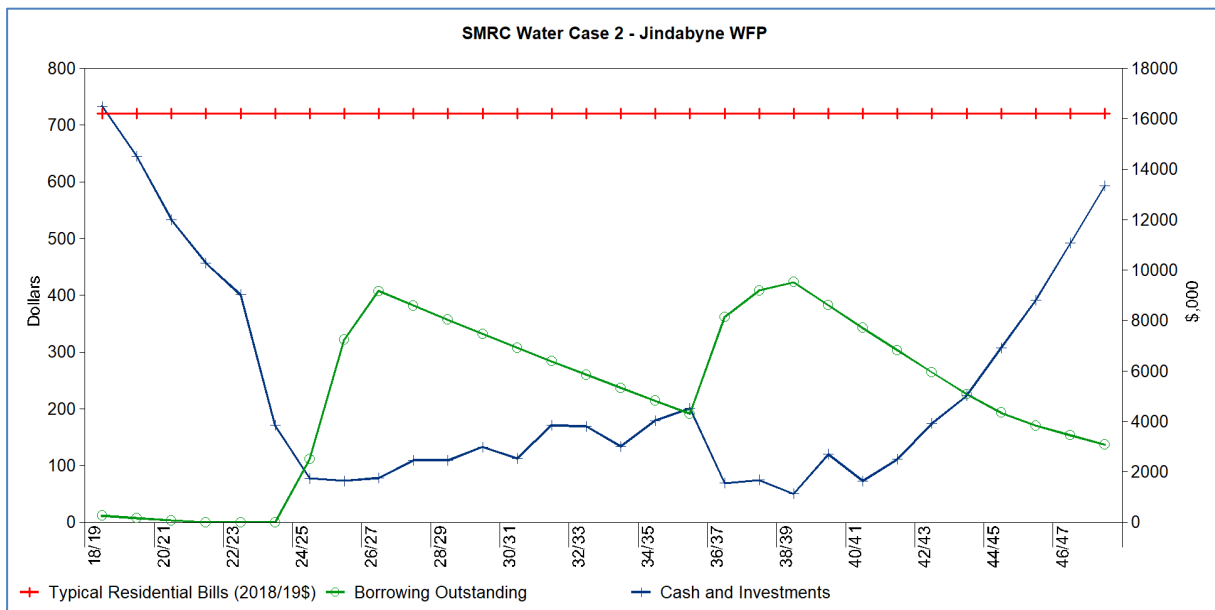


Figure 4: Water Supply Results - Case 2

5.6 Water Supply Case 3

Case 3 is similar to Case 2, except that it includes a grant for the full cost of the Jindabyne Water Filtration Plant (\$20 million). Refer to Table 16.

5.6.1 Water Supply Case 3 - Capital Works and Growth

The capital works, grants and growth projections are shown in Figure 5.

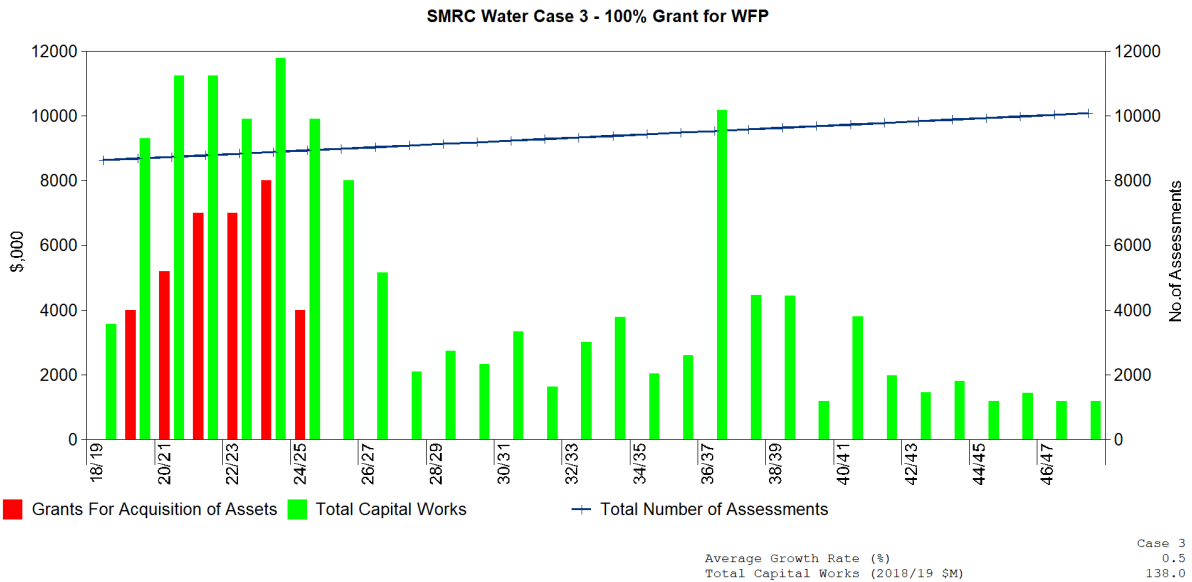


Figure 5: Water Supply Capital Works and Growth – Case 3

5.6.2 Water Supply Case 3 - Outcomes

Case 3 is similar to Case 2 but with higher grant. As expected, it would provide better financial outcomes as summarised below and shown in Figure 6.

- ❑ TRB: The financial modelling indicates that the TRB can remain at \$720 (CPI adjusted). The modelling indicates that Council will have the opportunity to reduce the TRB in approximately 20 years.
- ❑ Cash and investment: sufficient cash reserves throughout the planning period.
- ❑ Borrowings: No new loans are required.

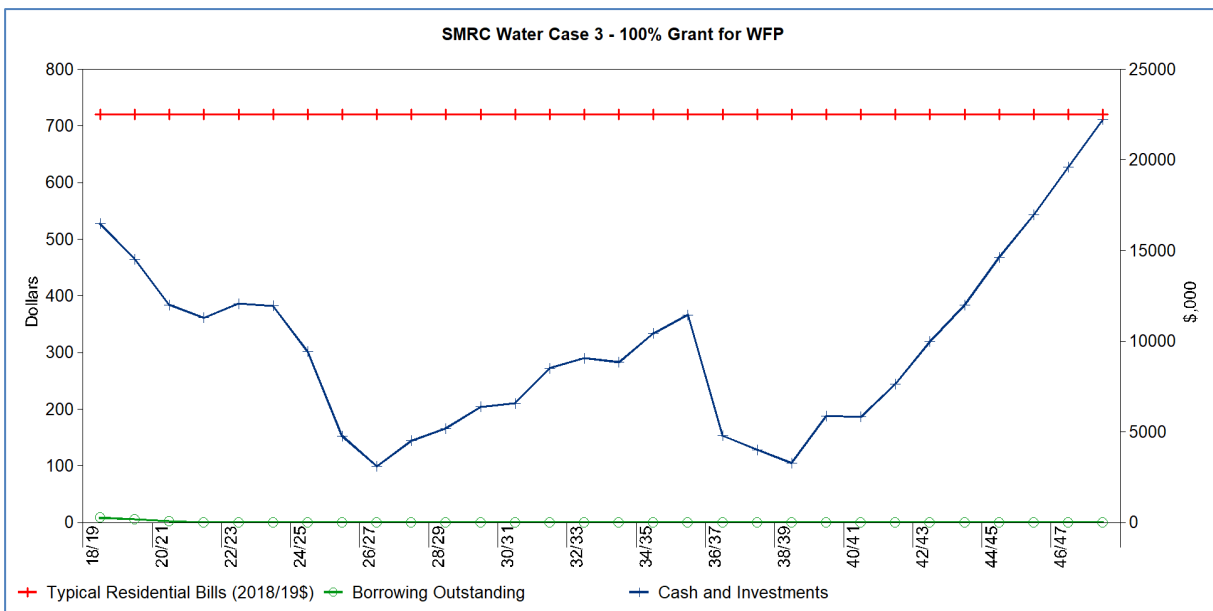


Figure 6: Water Supply Results - Case 3

5.7 Water Supply Case 4

Case 4 is described in Table 16.

5.7.1 Water Supply Case 4 - Capital Works and Growth

This case is based on the full capital works program including Jindabyne WFP and providing water supply to Michelago and Numeralla. Figure 7 shows the capital works and grants. The growth is the same as in the previous cases.

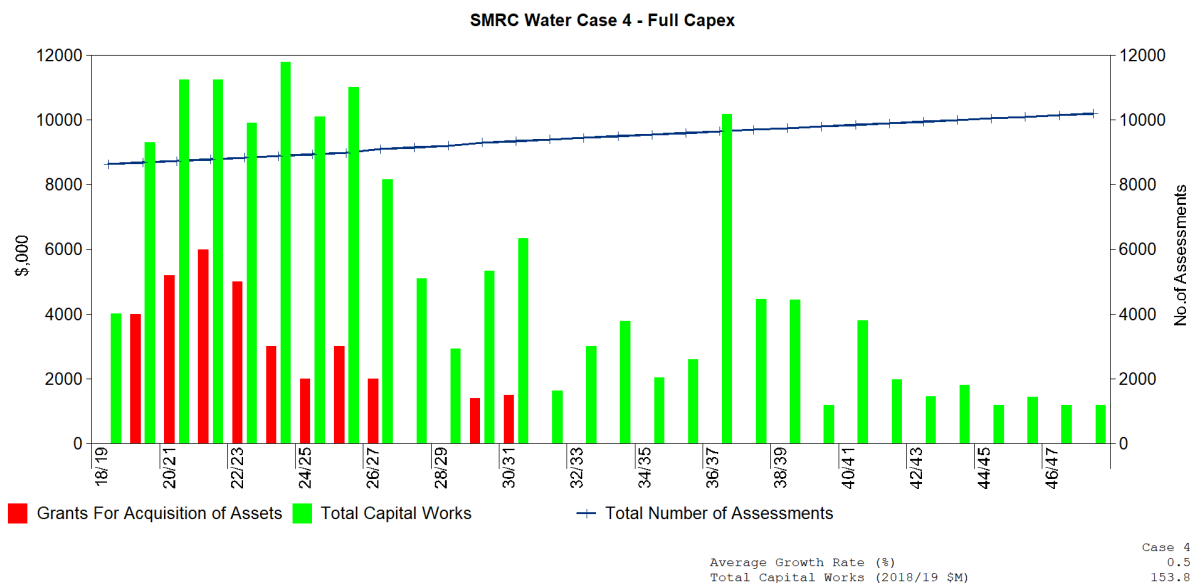


Figure 7: Water Supply Capital Works and Growth – Case 4

5.7.2 Water Supply Case 4 - Outcomes

The outcomes of Case 4 are summarised below and shown in Figure 8.

- ❑ TRB: The TRB will need to increase from \$720 to \$740 in approximately 15 years.
- ❑ Cash and investment: The cash reserves are expected to be tight.
- ❑ Borrowings: The expected borrowing throughout the planning period is \$42 million.

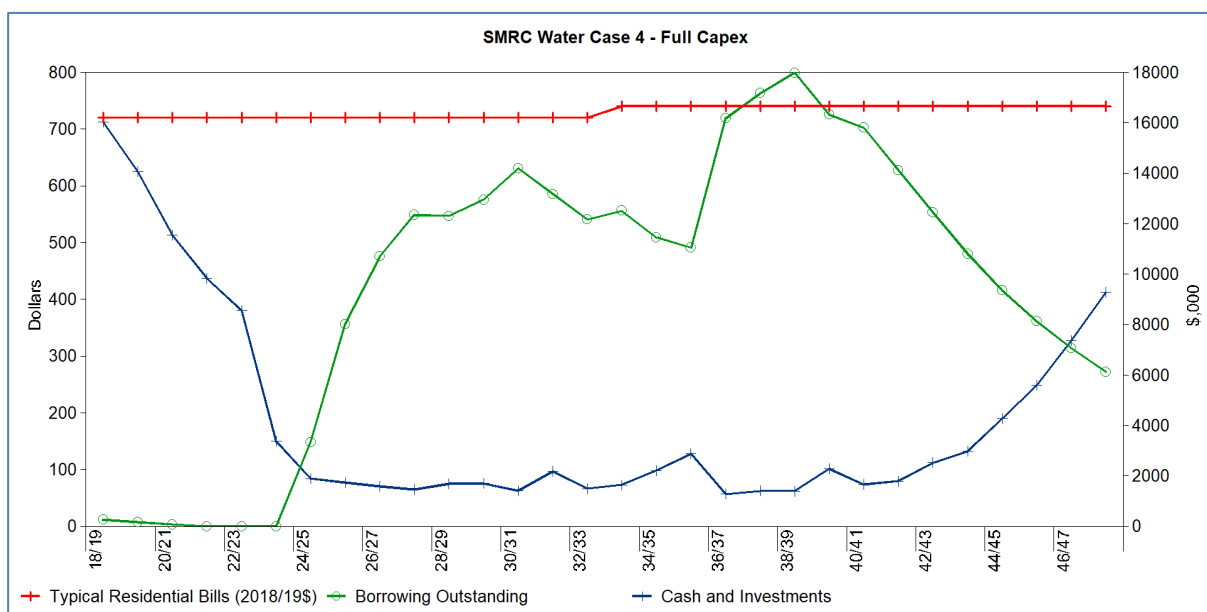


Figure 8: Water Supply Results - Case 4

5.8 Water Supply Case 5

Case 5 is similar to Case 4, but with lower growth rate, as described in Table 16.

5.8.1 Water Supply Case 5 - Capital Works and Growth

The capital works and grants are the same as in Case 4 (Figure 7). The growth projections of cases 4 and 5 are shown in Figure 9.

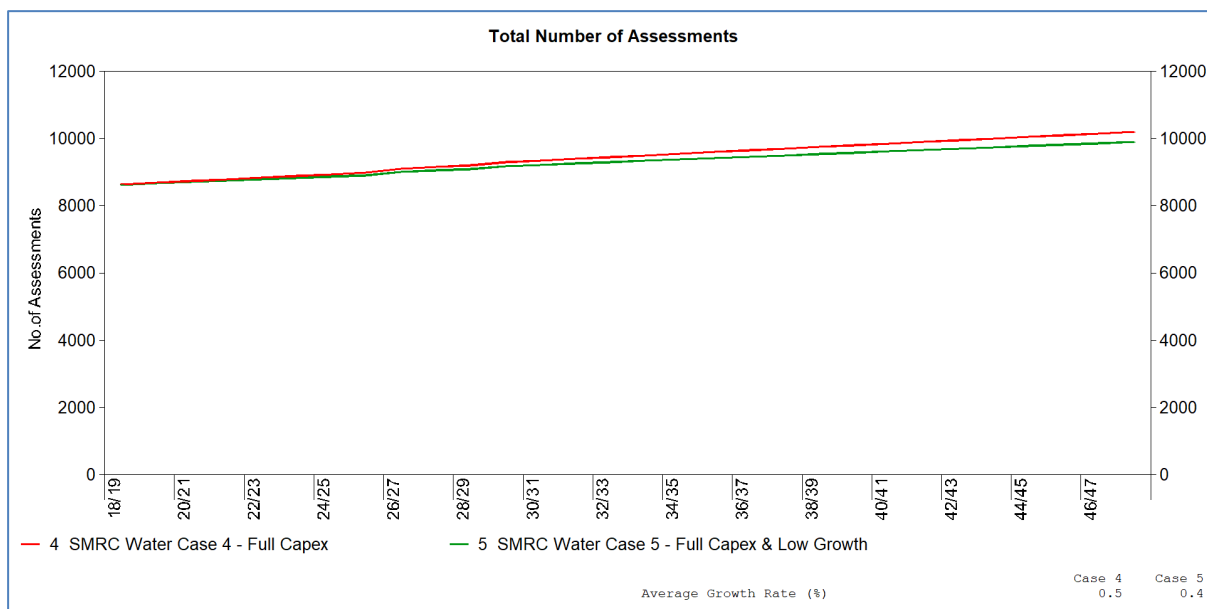


Figure 9: Water Supply Cases 4 and 5 Growth

5.8.2 Water Supply Case 5 - Outcomes

The outcomes of Case 5 are summarised below and shown in Figure 10.

- ❑ TRB: The TRB will need to be increased to \$740 (CPI adjusted) in approximately 10 years and to \$760 in 15 years. However, it is recommended that if this case is to be adopted, the TRB should increase in 2-3 years to reduce the financial risks associated with low cash reserves and high borrowing (refer to discussion in Section 6.5)
- ❑ Cash and investment: The cash reserves are expected to be tight.
- ❑ Borrowings: The expected borrowing throughout the planning period is \$50 million.

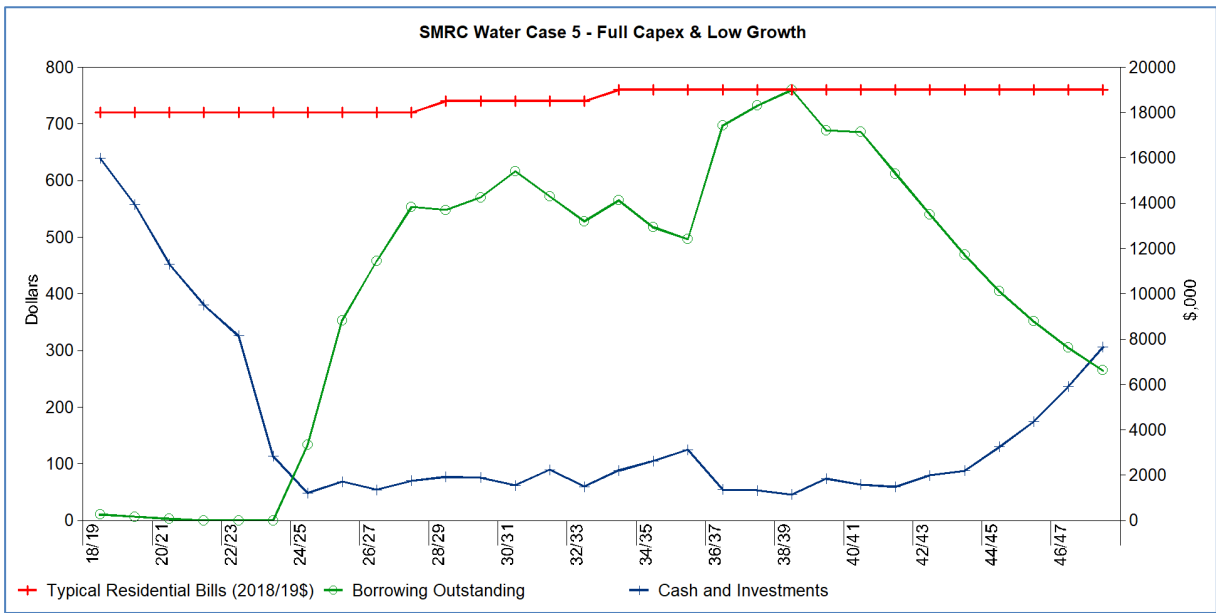


Figure 10: Water Supply Results - Case 5

6 SEWERAGE FINANCIAL MODEL

6.1 Financial Data

As of June 2018, the sewerage fund had cash and investments of \$18.5 million and outstanding borrowings of \$1.4 million. However, as discussed in Section 03.7, the sewerage loan was paid off in 2018/19.

6.2 Modelling Cases Sewerage

The modelled cases are shown in Table 17. D indicates default values (refer to notes). All cases include upgrade to the sewage treatment plants in Bombala and Adaminaby.

Table 17: Sewerage Modelling Cases

Case	OMA Cost ¹	Backlog Villages ²	Grants \$M ³	30-yr Capex \$M ³	Growth (New ET pa) ⁴
Base	D	No	7.0	98.7	23
2	D	No	14.0	98.7	23
3	D + 100k	Bredbo	14.9	106.2	23
4	D + \$300k	B + M + N	23.5	123.4	23
5	D + \$300k	B + M + N	23.5	123.4	40

Notes to Table 17:

1. *Default:* Refer to Section 3.10.2. The cases that include the villages include \$100 k as annual cost of operating each village scheme.
2. Backlog villages are Bredbo, Michelago and Numeralla (B, M and N). Refer to Table 7 on page 10.
3. Refer Section 6.3 below.
4. The value for cases 1-4 are as per section 3.3.2 (22 new ET pa). High growth in case 5. (as shown in section 3.3.2, the growth rates in the last 3 years have been significantly higher).

6.3 Capital Works and Grants

As shown in Table 16 there are three capital works scenarios, as described below.

- ❑ Base case and Case 2: \$98.7 million.
- ❑ Case 3: \$106.4 million with the addition of sewerage to Bredbo.
- ❑ Cases 4 and 5: \$123.4 million, with sewerage to all three backlogages.

There are four subsidy cases. as follows:

- ❑ Base Case: \$7 million for Bombala STP. This has been secured.
- ❑ Case 2: \$7 million as above, and \$7 million for Adaminaby STP. Application has been submitted.
- ❑ Case 3: \$7 million for Bombala, \$4.3 million for Adaminaby (50%) and \$3.6 million for Bredbo (50%)
- ❑ Cases 4 and 5: \$7 million for Bombala, \$4.3 million for Adaminaby (50%), \$3.6 million for Bredbo (50%) and \$8.6 for Michelago and Numeralla (50%).

6.4 Sewerage – Base Case

The base case is defined in Table 17. It includes a \$7 million grant.

6.4.1 Sewerage Base Case - Capital Works and Growth

The capital works, grants and growth projections for the Base Case are shown in Figure 11. The figure indicates that the capital works program is biased towards the early years.

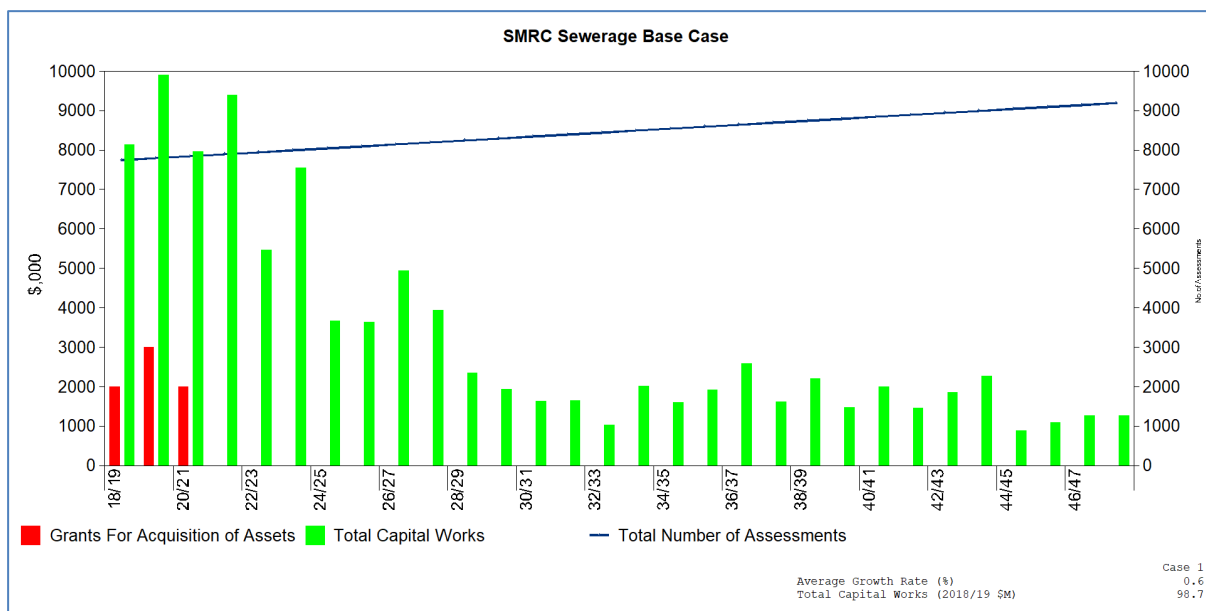


Figure 11: Sewerage Capital Works and Growth – Base Case

6.4.2 Sewerage Base Case - Outcomes

The Base Case outcomes are summarised below and shown in Figure 12.

- ❑ Typical residential bill: The current TRB of \$900 can remain (CPI adjusted) for the planning period. However, the high level of debt and low cash reserves create high risk to the financial viability of the scheme. It is recommended to increase the TRB by approximately 2% (\$20 pa) in the early years in order to reduce the risk. Refer to Section 6.5.
- ❑ Cash and investment: The modelling indicates tight cash reserves.
- ❑ Borrowings: Significant borrowings will be required to fund capital works. Total borrowing throughout the planning period is forecast to be \$31 million (+ CPI).

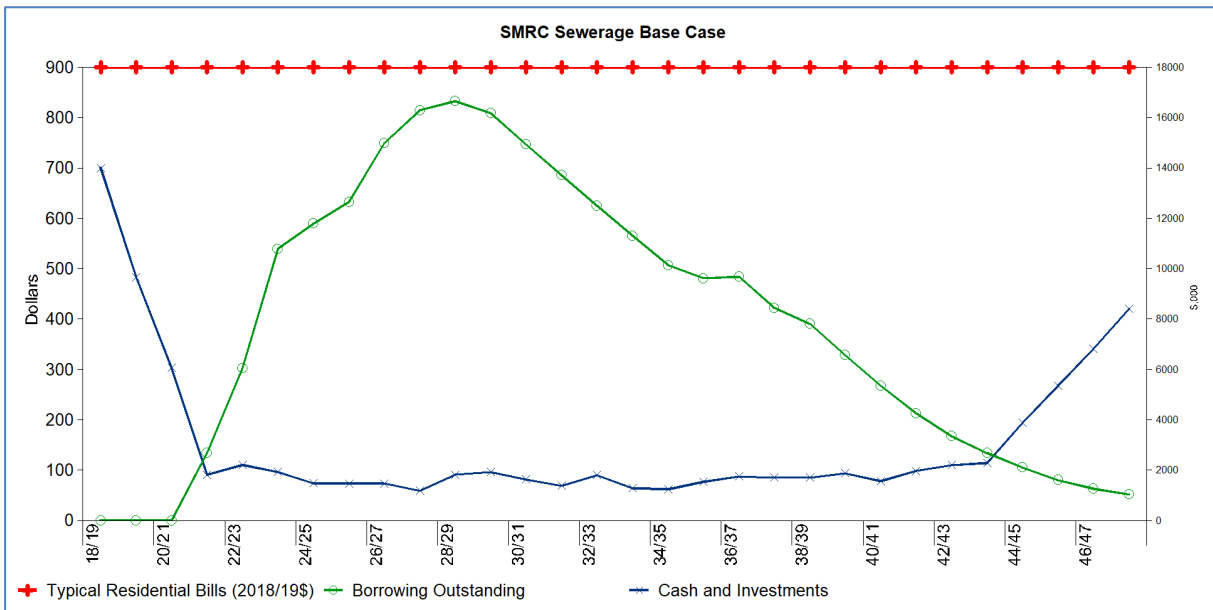


Figure 12: Sewerage Results - Base Case

6.5 Impact of small TRB increase

The author is aware that Council is reluctant to increase the TRB. The following information is provided to demonstrate the impact of a small TRB increase on reducing the financial risk and increasing the financial sustainability. It is relevant to other high-risk cases, such as water supply case 5.

The sewerage base case was used to demonstrate this principle. The base case was re-modelled with a \$20 (2.2%) increase to the TRB. The comparison of key indicators relating to financial sustainability are given in Table 18 and in Figure 13, Figure 14 and Figure 15.

Table 18: Impact of small increase (2018/19 \$)

Case	TRB	30 years borrowing required	Max Borrowing outstanding	Max Debt-Service Ratio	30 years interest expense
Base	\$900	\$31 M	\$16.6 M	0.17	\$9.7 M
Base with increase	\$920	\$22 M	\$14.9 M	0.14	\$7.3 M

A TRB of \$900 represents a high-risk funding strategy, and it is recommended that if this case is to be adopted, the TRB should be increased to at least \$920 to reduce the risk.

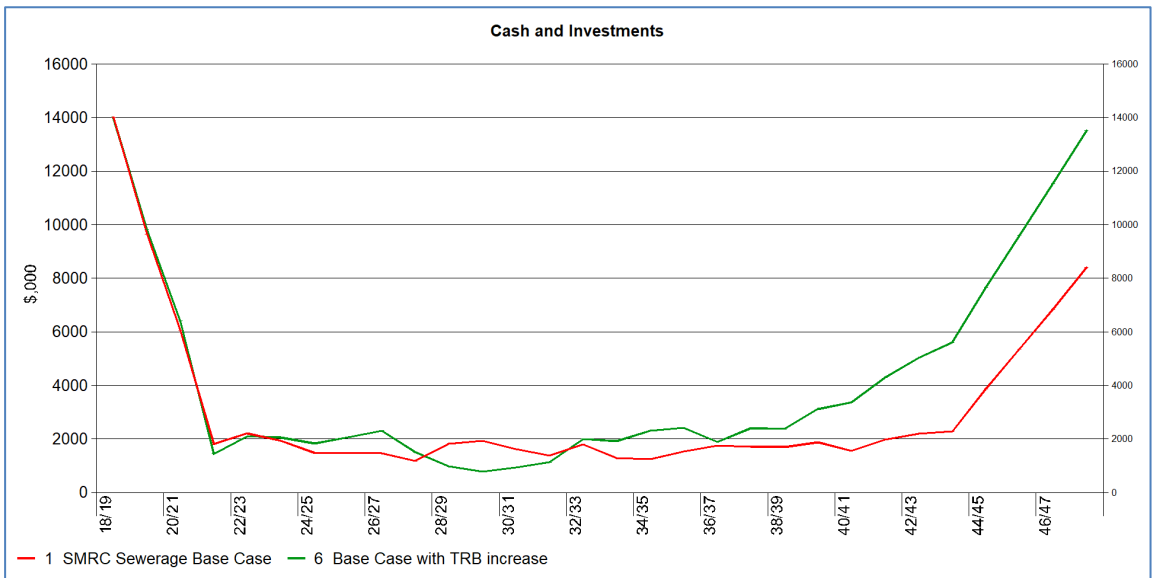


Figure 13: Base Case Cash Comparison

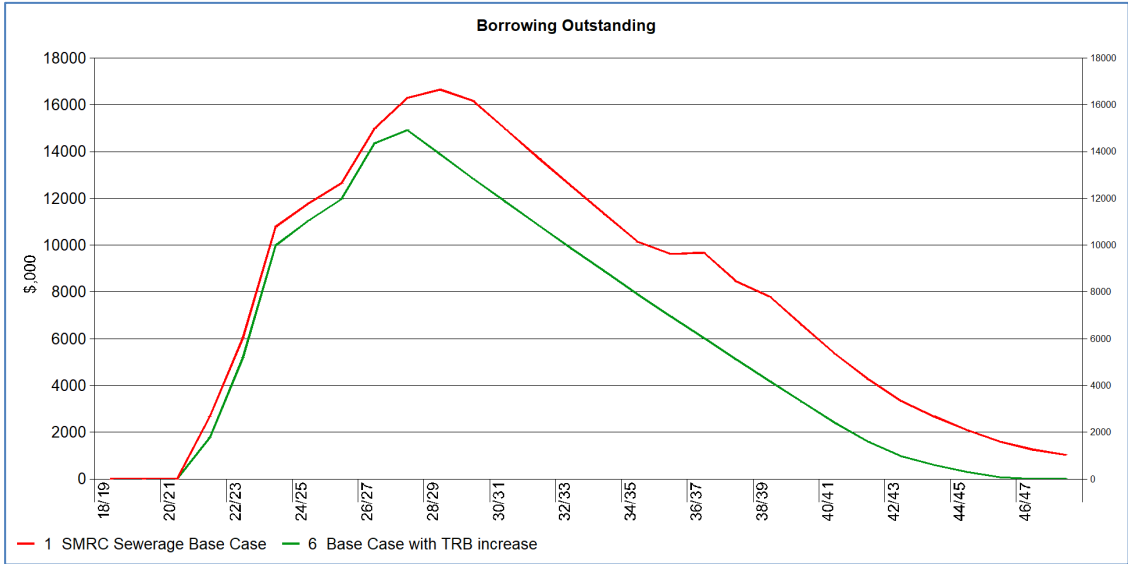


Figure 14: Base Case Debt Comparison

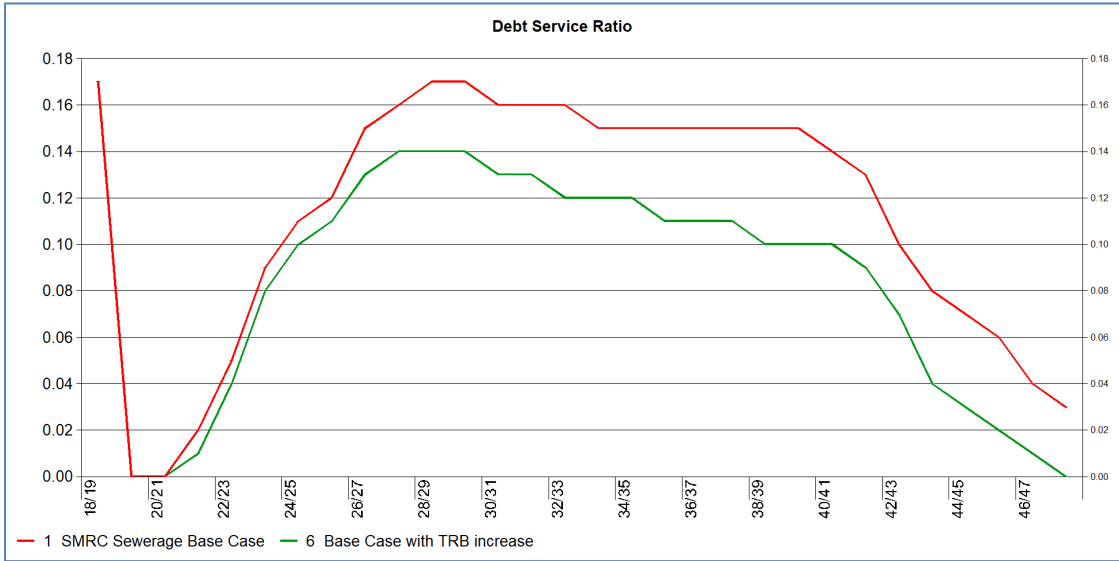


Figure 15: Base Case Debt-Service Ratio Comparison

6.6 Sewerage – Case 2

This case is defined in Table 17. It includes a \$14 million grant (refer Section 6.3).

6.6.1 Sewerage Case 2 - Capital Works and Growth

The capital works, grants and growth projections are shown in Figure 16.

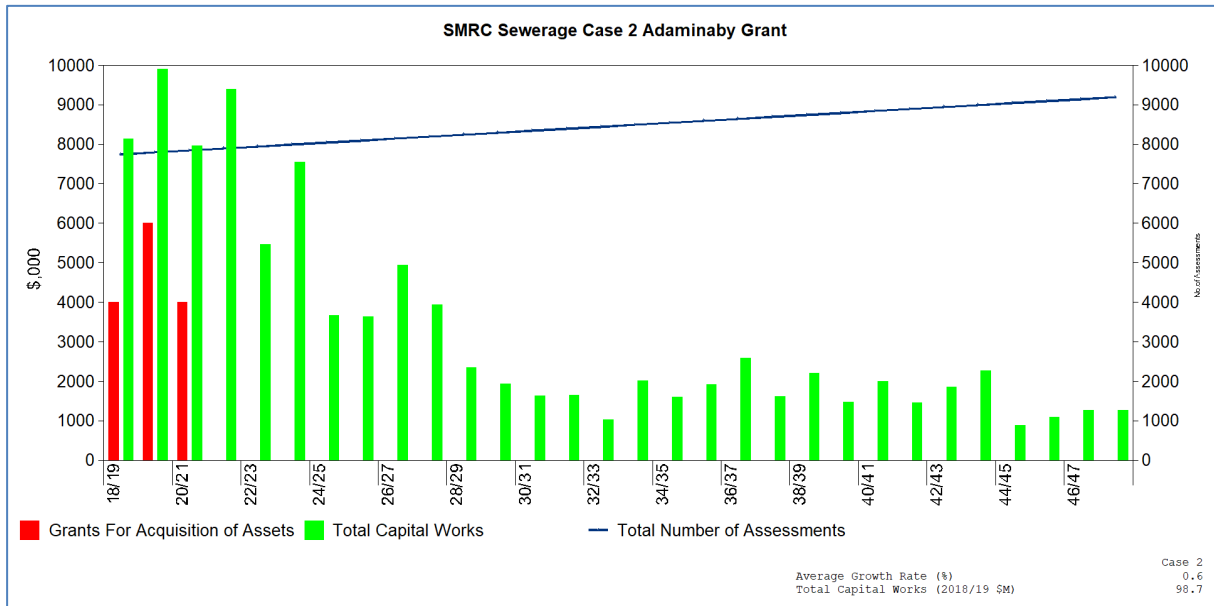


Figure 16: Sewerage Capital Works and Growth - Case 2

6.6.2 Sewerage Case 2 - Outcomes

Case 2 outcomes are summarised below and shown in Figure 17.

- ❑ TRB: The current TRB of \$900 can remain (CPI adjusted) for the planning period.
- ❑ Cash and investment: The modelling indicates adequate cash reserves.
- ❑ Borrowings: Borrowings will be required to fund capital works. Total borrowing required is \$12 million, significantly less than the requirements of the base case.

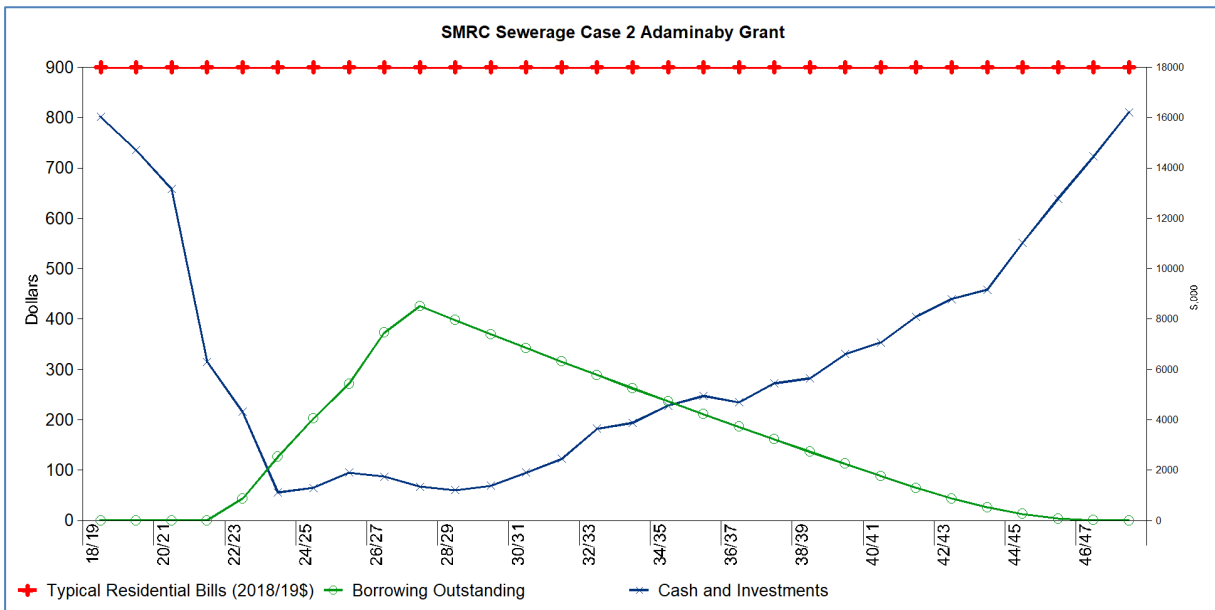


Figure 17: Sewerage Results – Case 2

6.7 Sewerage – Case 3

This case is defined in Table 17. It includes a \$14.9 million grant (refer Section 6.3)

6.7.1 Sewerage Case 3 - Capital Works and Growth

The capital works, grants and growth projections are shown in Figure 18. The sewerage of Bredbo is indicated by the capital works and by the increase in the number of assessments around 2031-33.

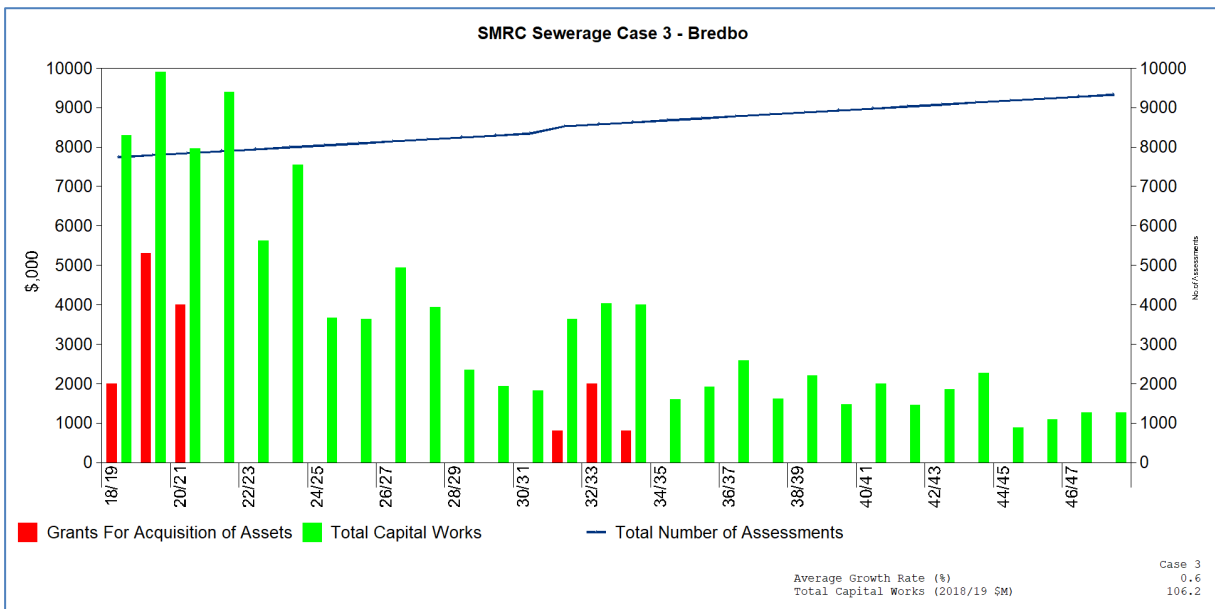


Figure 18: Sewerage Capital Works and Growth - Case 3

6.7.2 Sewerage Case 3 - Outcomes

Case 3 outcomes are summarised below and shown in Figure 19.

- ❑ TRB: The current TRB of \$900 can remain (CPI adjusted) for the planning period.
- ❑ Cash and investment: The modelling indicates adequate cash reserves.
- ❑ Borrowings: The borrowing requirements are estimated at \$23 million during the planning period.

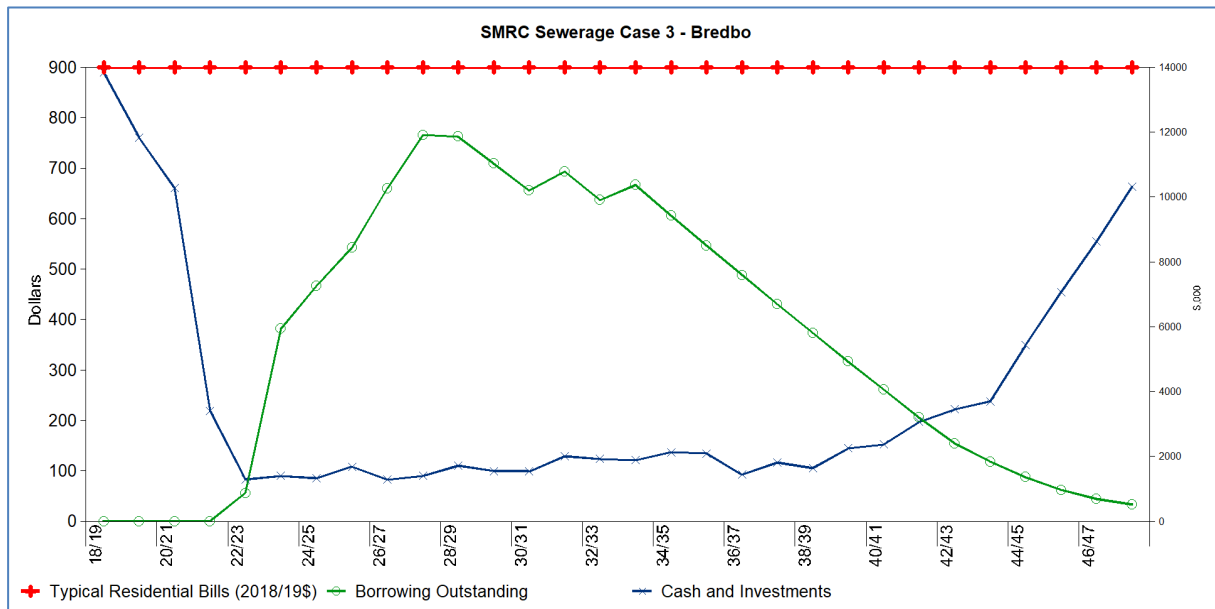


Figure 19: Sewerage Results- Case 3

6.8 Sewerage - Case 4

This case is defined in Table 17. For description of the grants refer to Section 6.3.

6.8.1 Sewerage Case 4 - Capital Works and Growth

The capital works, grants and growth projections are shown in Figure 20.

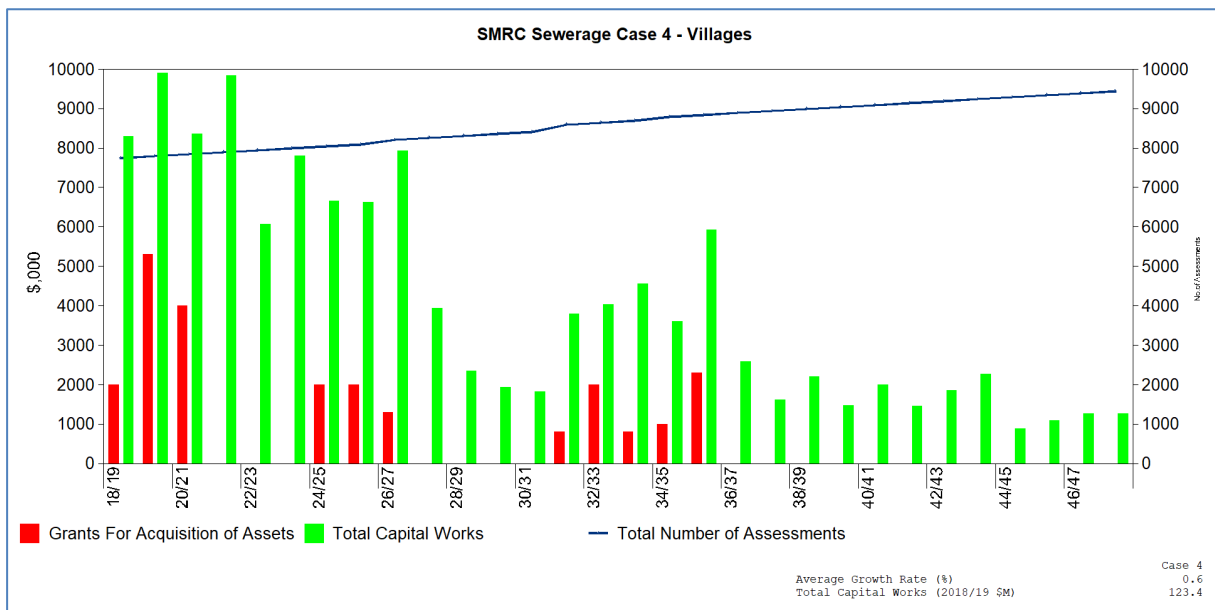


Figure 20: Sewerage Capital Works and Growth - Case 4

6.8.2 Sewerage Case 4 - Outcomes

Case 4 outcomes are summarised below and shown in Figure 21.

- ❑ **TRB:** The current TRB of \$900 needs to be increased to \$940 (+ CPI) in three years. This is less than 5% increase above CPI.
- ❑ **Cash and investment:** The modelling indicates adequate cash reserves.
- ❑ **Borrowings:** Borrowings will be required to fund capital works. Total borrowing throughout the planning period is forecast to be \$32 million.

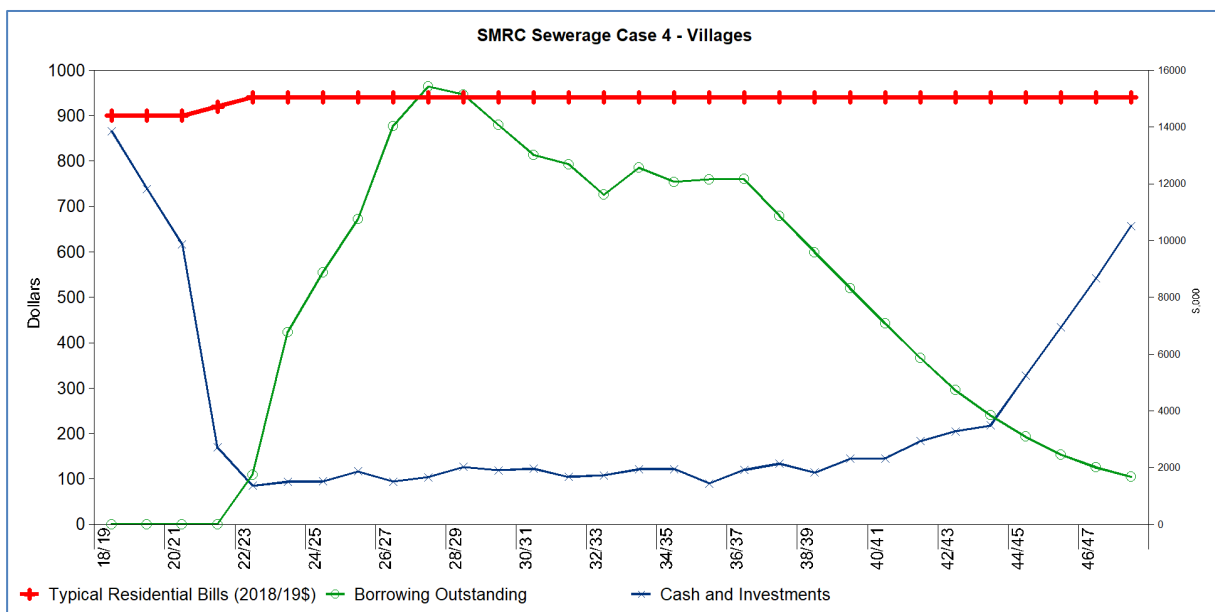


Figure 21: Sewerage Results - Case 4

6.9 Sewerage - Case 5

This case is defined in Table 17. It has higher growth rates than Case 4.

6.9.1 Sewerage Case 5 - Capital Works and Growth

It was assumed that the capital works used in Case 4 can support the higher growth of Case 5. Figure 22 shows the same capital works program as in Case 4, but with higher growth.

The OMA costs of this case have been adjusted to increase proportional with the population growth.

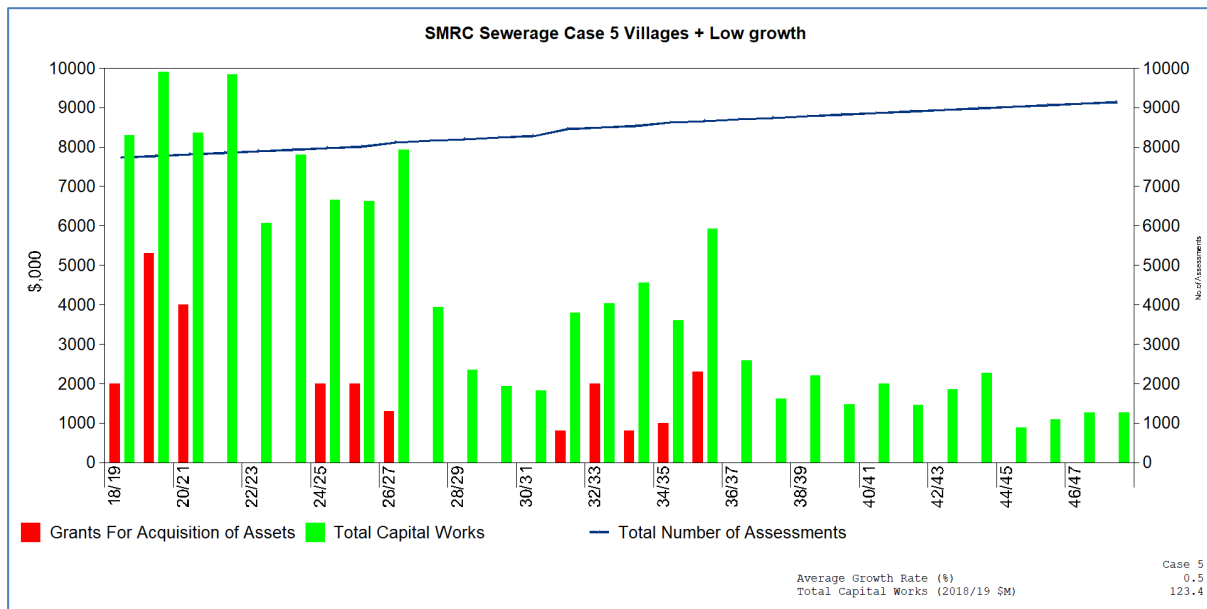


Figure 22: Sewerage Capital Works and Growth - Case 5

6.9.2 Sewerage Case 5 - Outcomes

Case 5 outcomes are summarised below and shown in Figure 23.

- ❑ Typical residential bill: The current TRB of \$900 needs to be increased to \$960 (+CPI) in 3 years. This is an increase of approximately 7% above CPI.
- ❑ Cash and investment: The modelling indicates sufficient cash reserve.
- ❑ Borrowings: Total borrowing is forecast to be \$33 million.

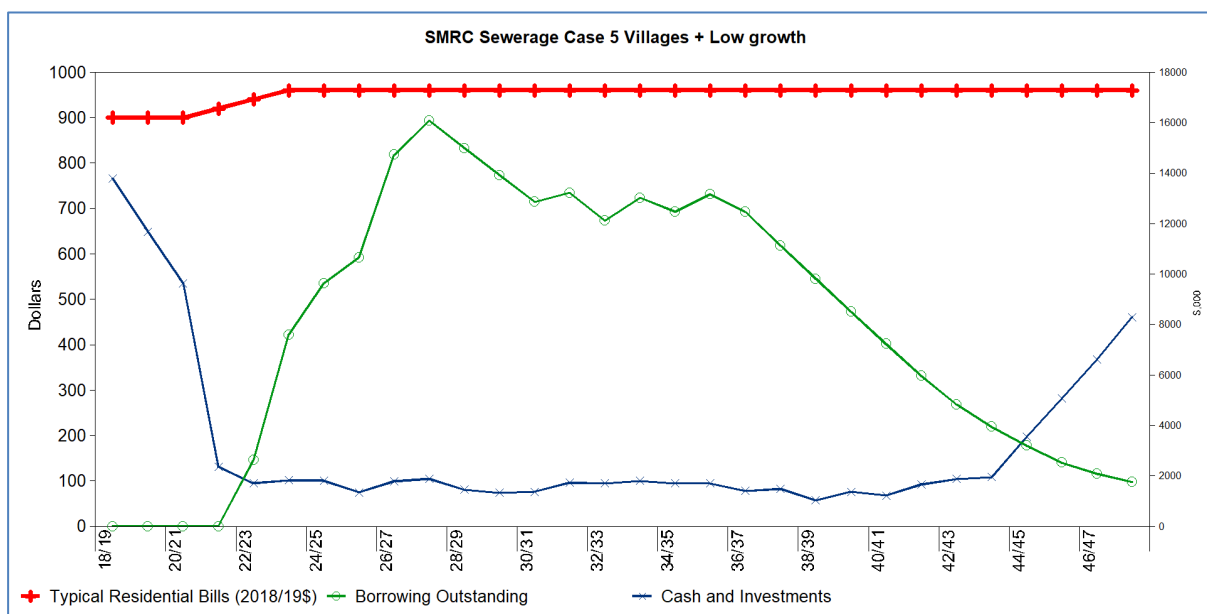


Figure 23: Sewerage Results - Case 5



Appendix A Special Schedules for Water Supply and Sewerage 2017/18

Snowy Monaro Regional Council

Special Schedule 3 – Water Supply Income Statement

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

\$'000	2018	13/5/16 to 30/6/17
A Expenses and income		
Expenses		
1. Management expenses		
a. Administration	814	991
b. Engineering and supervision	352	652
2. Operation and maintenance expenses		
– dams and weirs		
a. Operation expenses	–	–
b. Maintenance expenses	–	63
– Mains	Operations 1348	
c. Operation expenses	4	25
d. Maintenance expenses	Maintenance 1503	1,266
– Reservoirs		
e. Operation expenses	148	75
f. Maintenance expenses	55	123
– Pumping stations		
g. Operation expenses (excluding energy costs)	159	181
h. Energy costs	265	290
i. Maintenance expenses	81	129
– Treatment		
j. Operation expenses (excluding chemical costs)	584	305
k. Chemical costs	21	464
l. Maintenance expenses	320	301
– Other		
m. Operation expenses	453	155
n. Maintenance expenses	112	75
o. Purchase of water	–	–
3. Depreciation expenses		
a. System assets	3,283	2,321
b. Plant and equipment	65	88
4. Miscellaneous expenses		
a. Interest expenses	26	35
b. Revaluation decrements	–	–
c. Other expenses	–	–
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
g. Tax equivalents dividends (actually paid)	–	–
5. Total expenses	7,677	7,539

Snowy Monaro Regional Council

Special Schedule 3 – Water Supply Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

\$'000	2018	13/5/16 to 30/6/17
Income		
6. Residential charges		
a. Access (including rates)	2,083	3,143
b. Usage charges	3,540	1,179
7. Non-residential charges		
a. Access (including rates)	337	625
b. Usage charges	1,630	2,914
8. Extra charges	77	6
9. Interest income	324	320
10. Other income	190	316
10a. Aboriginal Communities Water and Sewerage Program	–	–
11. Grants		
a. Grants for acquisition of assets	966	1,174
b. Grants for pensioner rebates	37	55
c. Other grants	–	–
12. Contributions		
a. Developer charges	351	326
b. Developer provided assets	–	–
c. Other contributions	–	–
13. Total income	9,535	10,058
14. Gain (or loss) on disposal of assets	(5)	(166)
15. Operating result	1,853	2,353
15a. Operating result (less grants for acquisition of assets)	887	1,179

Snowy Monaro Regional Council

Special Schedule 3 – Water Supply Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

\$'000	2018	13/5/16 to 30/6/17
B Capital transactions		
Non-operating expenditures		
16. Acquisition of fixed assets		
a. New assets for improved standards	846	615
b. New assets for growth	–	1,170
c. Renewals	513	949
d. Plant and equipment	175	120
17. Repayment of debt	79	92
18. Totals	<u>1,613</u>	<u>2,946</u>
Non-operating funds employed		
19. Proceeds from disposal of assets	–	15
20. Borrowing utilised	–	–
21. Totals	<u>–</u>	<u>15</u>
C Rates and charges		
22. Number of assessments		
a. Residential (occupied)	7,335	7,389
b. Residential (unoccupied, ie. vacant lot)	323	292
c. Non-residential (occupied)	902	918
d. Non-residential (unoccupied, ie. vacant lot)	24	11
23. Number of ETs for which developer charges were received	63 ET	37 ET
24. Total amount of pensioner rebates (actual dollars)	\$ 96,035	\$ 102,665

Snowy Monaro Regional Council

Special Schedule 4 – Water Supply Statement of Financial Position

Includes internal transactions, i.e. prepared on a gross basis
as at 30 June 2018

\$'000	Current	Non-current	Total
ASSETS			
25. Cash and investments			
a. Developer charges	–	1,857	1,857
b. Special purpose grants	–	–	–
c. Accrued leave	–	–	–
d. Unexpended loans	–	–	–
e. Sinking fund	–	–	–
f. Other	9,732	4,107	13,839
26. Receivables			
a. Specific purpose grants	–	–	–
b. Rates and availability charges	1,270	–	1,270
c. User charges	2,350	–	2,350
d. Other	16	–	16
27. Inventories	–	–	–
28. Property, plant and equipment			
a. System assets	–	91,687	91,687
b. Plant and equipment	–	3,251	3,251
29. Other assets	–	–	–
30. Total assets	<u>13,368</u>	<u>100,902</u>	<u>114,270</u>
LIABILITIES			
31. Bank overdraft	–	–	–
32. Creditors	72	–	72
33. Borrowings	85	264	349
34. Provisions			
a. Tax equivalents	–	–	–
b. Dividend	–	–	–
c. Other	–	–	–
35. Total liabilities	<u>157</u>	<u>264</u>	<u>421</u>
36. NET ASSETS COMMITTED	<u>13,211</u>	<u>100,638</u>	<u>113,849</u>
EQUITY			
37. Accumulated surplus			97,589
38. Asset revaluation reserve			16,260
39. Other reserves			–
40. TOTAL EQUITY			<u>113,849</u>
Note to system assets:			
41. Current replacement cost of system assets			201,185
42. Accumulated current cost depreciation of system assets			(109,498)
43. Written down current cost of system assets			<u>91,687</u>

Snowy Monaro Regional Council

Special Schedule 5 – Sewerage Service Income Statement

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

\$'000	2018	13/5/16 to 30/6/17
A Expenses and income		
Expenses		
1. Management expenses		
a. Administration	705	760
b. Engineering and supervision	188	305
2. Operation and maintenance expenses		
– mains		
a. Operation expenses	4	87
b. Maintenance expenses	513	505
	Operation 1693	
– Pumping stations		
c. Operation expenses (excluding energy costs)	188	142
d. Energy costs	100	131
e. Maintenance expenses	223	222
	Maintenance 1209	
– Treatment		
f. Operation expenses (excl. chemical, energy, effluent and biosolids management costs)	784	652
g. Chemical costs	123	150
h. Energy costs	272	314
i. Effluent management	46	67
j. Biosolids management	139	78
k. Maintenance expenses	440	952
– Other		
l. Operation expenses	531	520
m. Maintenance expenses	33	53
3. Depreciation expenses		
a. System assets	2,342	2,708
b. Plant and equipment	61	85
4. Miscellaneous expenses		
a. Interest expenses	99	135
b. Revaluation decrements	–	2,886
c. Other expenses	–	–
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
g. Tax equivalents dividends (actually paid)	–	–
5. Total expenses	6,791	10,752

Snowy Monaro Regional Council

Special Schedule 5 – Sewerage Service Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

\$'000	2018	13/5/16 to 30/6/17
Income		
6. Residential charges (including rates)	6,682	6,773
7. Non-residential charges		
a. Access (including rates)	739	842
b. Usage charges	388	299
8. Trade waste charges		
a. Annual fees	95	99
b. Usage charges	63	18
c. Excess mass charges	–	–
d. Re-inspection fees	–	–
9. Extra charges	55	4
10. Interest income	383	358
11. Other income	145	147
11a. Aboriginal Communities Water and Sewerage Program	–	–
12. Grants		
a. Grants for acquisition of assets	35	–
b. Grants for pensioner rebates	42	53
c. Other grants	–	–
13. Contributions		
a. Developer charges	407	397
b. Developer provided assets	–	–
c. Other contributions	–	–
14. Total income	<u>9,034</u>	<u>8,990</u>
15. Gain (or loss) on disposal of assets	(2)	(32)
16. Operating result	<u>2,241</u>	<u>(1,794)</u>
16a. Operating result (less grants for acquisition of assets)	2,206	(1,794)

Snowy Monaro Regional Council

Special Schedule 5 – Sewerage Service Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

\$'000	2018	13/5/16 to 30/6/17
B Capital transactions		
Non-operating expenditures		
17. Acquisition of fixed assets		
a. New assets for improved standards	379	52
b. New assets for growth	–	–
c. Renewals	3	410
d. Plant and equipment	214	43
18. Repayment of debt	304	355
19. Totals	900	860
Non-operating funds employed		
20. Proceeds from disposal of assets	–	15
21. Borrowing utilised	–	–
22. Totals	–	15
C Rates and charges		
23. Number of assessments		
a. Residential (occupied)	6,526	6,537
b. Residential (unoccupied, ie. vacant lot)	411	321
c. Non-residential (occupied)	736	751
d. Non-residential (unoccupied, ie. vacant lot)	19	10
24. Number of ETs for which developer charges were received	63 ET	37 ET
25. Total amount of pensioner rebates (actual dollars)	\$ 96,486	\$ 96,291

Snowy Monaro Regional Council

Special Schedule 6 – Sewerage Service Statement of Financial Position

Includes internal transactions, i.e. prepared on a gross basis
as at 30 June 2018

\$'000	Current	Non-current	Total
ASSETS			
26. Cash and investments			
a. Developer charges	–	1,273	1,273
b. Special purpose grants	–	–	–
c. Accrued leave	–	–	–
d. Unexpended loans	–	–	–
e. Sinking fund	–	–	–
f. Other	11,441	5,738	17,179
27. Receivables			
a. Specific purpose grants	–	–	–
b. Rates and availability charges	2,800	–	2,800
c. User charges	220	–	220
d. Other	58	123	181
28. Inventories	–	–	–
29. Property, plant and equipment			
a. System assets	–	72,462	72,462
b. Plant and equipment	–	1,897	1,897
30. Other assets	–	–	–
31. Total assets	<u>14,519</u>	<u>81,493</u>	<u>96,012</u>
LIABILITIES			
32. Bank overdraft	16	–	16
33. Creditors	–	–	–
34. Borrowings	324	1,104	1,428
35. Provisions			
a. Tax equivalents	–	–	–
b. Dividend	–	–	–
c. Other	–	–	–
36. Total liabilities	<u>340</u>	<u>1,104</u>	<u>1,444</u>
37. NET ASSETS COMMITTED	<u>14,179</u>	<u>80,389</u>	<u>94,568</u>
EQUITY			
38. Accumulated surplus			93,597
39. Asset revaluation reserve			971
40. Other reserves			–
41. TOTAL EQUITY			<u>94,568</u>
Note to system assets:			
42. Current replacement cost of system assets			140,530
43. Accumulated current cost depreciation of system assets			(68,068)
44. Written down current cost of system assets			<u>72,462</u>



Appendix B Water Supply Capital Works Program

Full Capital Works (Cases 3, 4, 5)

SNOWY MONARO REGIONAL COUNCIL				WATER SUPPLY SERVICES - 30 Year Capital Works Program																																		
CAPITAL WORKS IN 2018\$('000)				Current Year	2018/19	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30		
REGION	SUBSIDY	ILOS	GROWTH	RENEW	CHECK	Total	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40	2040/41	2041/42	2042/43	2043/44	2044/45	2045/46	2046/47	2047/48		
Telemetry	70%	0%	30%	100%	200	200		80																120														
Pump station	70%	0%	30%	100%	770	770	30	40												100	100			100										100	100	100	100	
Disinfection	70%	0%	30%	100%	180	180		80																100														
Water Main replacement (projected)	25%	0%	75%	100%	1,500	1,500					200				250																							
Other capital works (projected)	50%	0%	50%	100%	20	20				20																												
VILLAGES (BACKLOG)																																						
Investigation for Michelago Water Supply		80%	20%	0%	100%	150	150																															
Michelago Water Supply		80%	20%	0%	100%	9200							200	3,000	3,000	3,000																						
Investigation of Numeralla water supply		80%	20%	0%	100%	150	150																															
Numeralla Water Supply		80%	20%	0%	100%	6200											200	3000	3000																			
Investigation of Four Mile water supply		80%	20%	0%	100%	150	150																															
New Works - Growth -																																						
EAST JINDABYNE WATER SUPPLY																																						
Pumping Stations																																						
Willow Bay High Level Pump Station		0%	100%	0%	100%	111							111																									
Reservoirs																																						
Willow Bay High Level Reservoir (0.6ML)		0%	100%	0%	100%	353								353																								
Mains																																						
Willow Bay High Level Rising Main		0%	100%	0%	100%	200									200																							
Alpine Sands main extension to serve Coltern Stage 4		0%	100%	0%	100%	176									176																							
		23,079				153,808	4,012	9,300	11,246	11,241	9,906	11,781	10,101	11,007	8,164	5,103	2,935	5,325	6,331	1,633	3,001	3,781	2,035	2,611	10,181	4,461	4,435	1,181	3,812	1,981	1,456	1,814	1,181	1,431	1,181	1,181		
State Government Funding was given to Nimitabel dam and Bombala WTP M&E works				All																																		
Backlog Works have been identified in red font																																						
Total Improved LOS						55,746	610	4,425	5,903	7,334	5,361	3,165	2,790	3,605	4,136	2,657	424	2,457	2,527	207	765	990	155	729	658	2,250	1,576	70	2,076	170	70	77	140	140	140	140		
Total Growth						28,536	758	900	1,470	1,553	2,220	5,033	4,668	5,509	2,005	655	95	1,377	655	60	60	60	60	60	570	70	70	70	70	70	70	70	70	70	70	70		
Total Renewals						69,527	2,644	3,975	3,873	2,355	2,325	3,584	2,644	1,894	2,024	1,791	2,416	1,491	3,149	1,366	2,176	2,731	1,820	1,822	8,954	2,141	2,789	1,041	1,666	1,741	1,316	1,667	971	1,221	971	971		
NSW Health Funds have been committed for Fluoridation plants at Jindabyne, East Jindabyne and Bombala																																						
TOTAL						153,808	4,012	9,300	11,246	11,241	9,906	11,781	10,101	11,007	8,164	5,103	2,935	5,325	6,331	1,633	3,001	3,781	2,035	2,611	10,181	4,461	4,435	1,181	3,812	1,981	1,456	1,814	1,181	1,431	1,181	1,181		
Deputy Premier Barrillaro's commitment for Bombala and Delegate Water have been included as subsidised projects																																						
Based on public meeting held in Bombala on 9 March 2018							1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30		



Appendix C Sewerage Capital Works Program

Full Capital Works (Cases 4, 5)



Appendix D

Water Supply FINMOD

Outputs Base Case

Blank page

SMRC Water Supply : SMRC Water Base Case Operating Statement

FINMOD
WaterOz

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40	2040/41	2041/42	2042/43
EXPENSES																									
Management Expenses	1202	1269	1275	1284	1292	1299	1306	1314	1321	1328	1335	1343	1350	1357	1365	1373	1380	1387	1394	1402	1409	1416	1423	1431	1439
Administration	839	886	891	897	902	907	912	918	923	928	933	939	944	949	954	960	965	970	975	981	986	991	996	1002	1007
Engineering and Supervision	363	383	385	387	390	392	394	396	398	400	402	404	406	408	411	413	415	417	419	421	423	425	427	429	432
Operation and Maintenance Expenses	3235	3742	3763	3786	3808	3829	3852	3873	3894	3916	3939	3961	3983	4004	4025	4048	4070	4090	4113	4135	4158	4179	4201	4223	4244
Operation Expenses	1390	1608	1617	1626	1635	1645	1654	1663	1672	1681	1691	1700	1709	1718	1727	1737	1746	1755	1764	1773	1783	1792	1801	1810	1819
Maintenance Expenses	1550	1793	1803	1814	1824	1834	1845	1855	1865	1876	1886	1896	1907	1917	1927	1938	1948	1958	1969	1979	1990	2000	2010	2021	2031
Energy Costs	273	316	319	321	323	325	328	330	332	335	337	339	342	344	346	348	351	353	355	358	360	362	365	367	369
Chemical Costs	22	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25
Purchase of Water	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation	3466	3557	3657	3757	3818	3874	3927	4009	4029	4045	4051	4054	4064	4064	4077	4092	4096	4105	4134	4165	4183	4213	4216	4216	4216
System Assets	3378	3447	3545	3629	3680	3726	3773	3839	3862	3868	3872	3885	3887	3891	3903	3918	3922	3933	3951	3984	4008	4010	4040	4044	4046
Plant & Equipment	88	110	112	128	138	148	154	171	167	178	178	169	177	173	174	174	177	172	183	181	175	173	173	172	170
Interest Expenses	26	20	14	8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL EXPENSES	7929	8589	8710	8836	8917	9002	9085	9197	9244	9290	9324	9358	9398	9424	9467	9513	9549	9583	9641	9702	9750	9778	9837	9870	9899
REVENUES																									
Rates & Service Availability Charges	2871	2891	2908	2928	2949	2969	2987	3006	3024	3044	3065	3084	3101	3122	3139	3160	3175	3195	3217	3236	3255	3273	3294	3313	3330
Residential	2051	2064	2077	2091	2106	2120	2133	2147	2160	2174	2189	2203	2215	2230	2242	2257	2271	2285	2298	2311	2325	2338	2353	2367	2378
Non-Residential	820	826	831	837	843	849	854	859	864	870	876	881	886	892	897	903	908	914	919	925	930	935	941	946	951
User Charges	5250	5285	5318	5353	5392	5429	5460	5497	5530	5565	5604	5637	5670	5709	5740	5777	5812	5846	5882	5916	5953	5984	6024	6058	6089
Sales of Water - Residential	3281	3302	3324	3346	3370	3393	3412	3436	3456	3478	3502	3523	3544	3568	3587	3610	3632	3655	3676	3697	3720	3740	3765	3786	3806
Sales of Water - Non-Residential	1969	1982	1994	2008	2022	2036	2048	2061	2074	2087	2101	2114	2126	2141	2152	2167	2180	2193	2206	2219	2232	2244	2259	2272	2283
Extra Charges	82	83	83	84	84	85	85	86	86	87	87	88	88	89	90	90	91	91	92	93	93	93	94	95	95
Interest Income	430	416	361	332	311	247	179	116	89	111	136	160	173	202	222	222	243	263	178	141	130	164	171	194	229
Other Revenues	196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220
Grants	37	4036	5236	5035	1035	34	34	33	32	31	31	30	30	29	29	28	28	27	26	26	26	25	24	24	24
Grants for Acquisition of Assets	0	4000	5200	5000	1000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Pensioner Rebate Subsidy	37	36	36	35	34	34	34	33	32	31	31	30	30	29	29	28	28	27	26	26	26	25	24	24	24
Other Grants	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Contributions	279	279	279	279	279	279	279	279	279	279	279	279	279	279	279	279	279	279	279	279	279	279	279	279	279
Developer Charges	279	279	279	279	279	279	279	279	279	279	279	279	279	279	279	279	279	279	279	279	279	279	279	279	279
Developer Provided Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Contributions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL REVENUES	9145	13186	14382	14208	10250	9244	9227	9219	9246	9322	9408	9486	9549	9639	9709	9769	9843	9921	9887	9906	9951	10036	10104	10181	10266
OPERATING RESULT	1216	4597	5672	5373	1333	242	141	23	2	32	84	128	151	215	241	255	294	338	247	204	201	258	267	312	368
OPERATING RESULT (less Grants for Acq of Assets)	1216	597	472	373	332	242	141	23	2	32	84	128	151	215	241	255	294	338	247	204	201	258	267	312	368

Printed 24/01/2019 Values in 2018/19 \$'000

SMRC Water Supply : SMRC Water Base Case

Cashflow Statement

FINMOD
WaterOz

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40	2040/41	2041/42	2042/43
Cashflow From Operating Activities																									
Receipts																									
Rates and Charges	8203	8259	8308	8365	8425	8482	8532	8588	8641	8696	8756	8809	8859	8920	8968	9028	9082	9139	9190	9244	9301	9351	9412	9466	9514
Interest Income	430	416	361	332	311	247	179	116	89	111	136	160	173	202	222	222	243	263	178	141	130	164	171	194	229
Other Revenues	196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220
Grants	37	4036	5236	5035	1035	34	34	33	32	31	31	30	30	29	28	28	28	27	26	26	26	25	24	24	24
Contributions	279	279	279	279	279	279	279	279	279	279	279	279	279	279	279	279	279	279	279	279	279	279	279	279	279
Total Receipts from Operations	9145	13186	14382	14208	10250	9244	9227	9219	9246	9322	9408	9486	9549	9639	9709	9769	9843	9921	9887	9906	9951	10036	10104	10181	10266
Payments																									
Management Operations (plus WC Inc)	1202	1269	1275	1284	1292	1299	1306	1314	1321	1328	1335	1343	1350	1357	1365	1373	1380	1387	1394	1402	1409	1416	1423	1431	1439
Interest Expenses	3346	3854	3876	3898	3921	3942	3965	3987	4009	4031	4054	4077	4100	4121	4143	4167	4189	4209	4233	4255	4279	4300	4323	4345	4367
Other Expenses	26	20	14	8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Payments from Operations	4574	5143	5165	5191	5213	5241	5271	5301	5330	5359	5389	5420	5450	5478	5508	5540	5570	5597	5627	5657	5688	5716	5746	5776	5806
Net Cash from Operations	4571	8043	9216	9018	5037	4003	3955	3919	3916	3963	4018	4065	4098	4162	4200	4229	4273	4324	4261	4249	4283	4320	4358	4405	4461
Cashflow from Capital Activities																									
Receipts																									
Proceeds from Disposal of Assets	99	26	22	112	60	53	57	117	0	91	69	64	64	64	64	64	64	64	64	64	64	64	64	64	64
Payments																									
Acquisition of Assets	3793	9044	10792	8430	6027	6919	6004	6709	3665	2255	2963	2475	3481	1783	3152	3931	2185	2760	10332	4611	4585	1331	3962	2131	1606
Net Cash from Capital Activities	-3694	-9018	-10770	-8317	-5967	-6866	-5947	-6592	-3665	-2164	-2894	-2411	-3417	-1719	-3088	-3867	-2121	-2696	-10268	-4548	-4521	-1268	-3898	-2067	-1542
Cashflow from Financing Activities																									
Receipts																									
New Loans Required	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Payments																									
Principal Loan Payments	85	88	92	72	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash from Financing Activities	-85	-88	-92	-72	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL NET CASH	792	-1062	-1646	629	-930	-2863	-1982	-2674	251	1799	1124	1655	681	2442	1113	362	2152	1628	-6007	-298	-258	3052	459	2338	2919
Current Year Cash																									
Cash & Investments @Year Start	15696	16086	14657	12694	12998	11773	8693	6537	3770	3923	5582	6543	7998	8467	10644	11469	11543	13361	14623	8406	-298	3053	459	2338	2919
Cash & Investments @Year End	16488	15023	13011	13323	12067	8910	6701	3864	4021	5722	6707	8198	8679	10910	11756	11832	13695	14989	8616	8107	7652	10517	10720	12797	15403
Capital Works Funding																									
Internal Funding for New Works (\$'000)	918	824	1673	888	2581	3198	3258	4614	1641	312	319	834	182	267	825	1050	215	789	1228	2320	1646	140	2146	240	140
Internal Funding for Renewals	2644	3975	3873	2355	2325	3584	2644	1894	2024	1791	2416	1491	3149	1386	2176	2731	1820	1822	8954	2141	2789	1041	1666	1741	1316
New Loans	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants	0	4000	5200	5000	1000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Capital Works	3562	8799	10746	8242	5906	6782	5902	6508	3665	2104	2735	2325	3331	1633	3001	3781	2035	2611	10182	4461	4435	1181	3812	1981	1456

SMRC Water Supply : SMRC Water Base Case

Statement of Financial Position

FINMOD
WaterOz

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40	2040/41	2041/42	2042/43
Cash and investments	16336	14924	13029	13422	12154	8972	6724	3837	3930	5555	6452	7846	8218	10325	11036	10966	12676	13801	7249	6552	5898	8555	8539	10391	12760
Receivables	3749	3771	3793	3815	3837	3859	3880	3902	3924	3945	3967	3989	4011	4033	4055	4077	4098	4120	4142	4164	4185	4207	4229	4250	4272
Inventories	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Property, Plant & Equipment	97458	102838	109870	114353	116429	119351	121304	123824	123401	121466	120260	118569	117878	115493	114466	114205	112196	110756	116865	117225	117542	114605	114279	112116	109433
System Assets (1)	94163	99515	106716	111330	113555	116611	118741	121410	121212	119448	118310	116750	116194	113936	113035	112897	111011	109688	115918	116396	116822	113993	113765	111702	109112
Plant & Equipment	3295	3323	3153	3024	2874	2740	2564	2414	2189	2018	1950	1819	1684	1557	1431	1308	1185	1070	947	829	720	616	514	416	321
Other Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL ASSETS	117543	121533	126892	131590	132420	132182	131909	131563	131255	130966	130679	130404	130107	129850	129557	129248	128970	128679	128256	127940	127626	127371	127047	126759	126465
LIABILITIES																									
Bank Overdraft	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Creditors	74	74	74	74	74	75	76	77	77	78	78	79	79	79	79	79	79	80	81	81	82	82	82	83	83
Borrowings	264	170	73	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Provisions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL LIABILITIES	338	244	148	74	74	75	76	77	77	78	78	79	79	79	79	79	79	80	81	81	82	82	82	83	83
NET ASSETS COMMITTED	117205	121289	126545	131516	132346	132107	131833	131486	131177	130889	130601	130326	130028	129771	129477	129168	128890	128599	128175	127858	127544	127289	126964	126676	126382
EQUITY																									
Accumulated Operating Result	98805	100982	104201	107032	105754	103417	101036	98595	96191	93877	91671	89563	87530	85610	83764	81976	80270	78650	76979	75305	73669	72130	70638	69227	67906
Asset Revaluation Reserve	18552	20906	23456	26259	29256	32390	35688	39130	42738	46430	50159	53945	57775	61682	65609	69602	73690	77810	81982	86502	91154	95939	100725	105621	110548
TOTAL EQUITY	117357	121388	126527	131416	132259	132045	131810	131513	131269	131055	130855	130677	130489	130356	130197	130034	129910	129787	129543	129415	129298	129251	129145	129082	129025
(1) Notes to System Assets																									
Current Replacement Cost	207133	211957	218830	224717	228299	231496	234755	239369	241010	241322	241640	242474	242856	242924	243749	244799	245014	245803	247030	249350	250997	251137	253283	253523	253664
Less: Accumulated Depreciation	112970	112442	112113	113388	114743	114885	116014	117960	119798	121874	123330	125724	126462	128988	130714	131902	134004	136115	131112	132955	134174	137144	139518	141822	144552
Written Down Current Cost	94163	99515	106716	111330	113555	116611	118741	121410	121212	119448	118310	116750	116194	113936	113035	112897	111011	109688	115918	116396	116822	113993	113765	111702	109112

SMRC Water Supply : SMRC Water Base Case

Performance Indicators

FINMOD
WaterOz

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40	2040/41	2041/42	2042/43
Typical Residential Bills	720	720	720	720	720	720	720	720	720	720	720	720	720	720	720	720	720	720	720	720	720	720	720	720	720
Average Residential Bills (2018/19\$)	692	692	692	693	693	694	693	694	694	694	695	695	695	696	696	697	697	697	697	697	698	698	698	698	698
Mgmt Cost / Assessment (2018/19\$)	139	146	146	146	146	146	147	146	146	147	146	146	146	146	146	146	146	147	146	146	146	146	146	146	147
OMA Cost per Assessment (2018/19\$)	514	578	577	578	577	577	578	577	577	577	577	578	578	578	578	578	578	578	578	578	578	578	578	578	578
Operating Sales Margin (%)	9.32	2.30	1.42	0.56	0.24	-0.06	-0.42	-1.03	-0.96	-0.86	-0.56	-0.34	-0.24	0.15	0.20	0.35	0.53	0.78	0.71	0.64	0.72	0.95	0.96	1.17	1.38
Economic Real Rate of Return (%)	0.83	0.20	0.11	0.04	0.02	0.00	-0.03	-0.08	-0.07	-0.04	-0.03	-0.03	-0.02	0.01	0.02	0.03	0.05	0.07	0.06	0.05	0.06	0.08	0.08	0.10	0.13
Debt Service Ratio	0.01	0.01	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Debt/Equity Ratio	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest Cover	47.77	30.14	34.07	45.67	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Return on capital (%)	1.06	0.59	0.58	0.56	0.32	0.18	0.11	0.02	0.00	0.02	0.06	0.10	0.12	0.17	0.19	0.20	0.23	0.26	0.19	0.16	0.16	0.20	0.21	0.25	0.29
Cash and Investments (2018/19\$'000)	16488	15023	13011	13323	12067	8910	6701	3864	4021	5722	6707	8198	8679	10910	11756	11832	13695	14989	8617	8108	7652	10517	10720	12797	15403
Debt outstanding (2018/19\$'000)	264	170	73	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Debt (2018/19\$'000)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0



Appendix E

Sewerage FINMOD

Outputs Base Case

SMRC Sewerage : SMRC Sewerage Base Case

Operating Statement

FINMOD
WaterOz

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40	2040/41	2041/42	2042/43	
EXPENSES																										
Management Expenses																										
Administration	921	974	979	986	992	999	1005	1011	1017	1024	1030	1036	1042	1049	1055	1061	1066	1072	1078	1087	1093	1100	1106	1112	1118	
Engineering and Supervision	727	769	774	779	784	790	795	800	805	811	816	821	826	832	837	842	847	853	858	863	868	874	879	884	889	
	194	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	221	222	223	224	225	226	227	228	229	
Operation and Maintenance Expenses	3505	4057	4192	4220	4178	4201	4228	4254	4279	4304	4331	4356	4381	4408	4432	4456	4482	4505	4534	4560	4586	4611	4634	4664	4689	
Operation Expenses	1747	2022	2034	2047	2060	2072	2085	2098	2110	2123	2136	2148	2161	2174	2186	2199	2211	2224	2237	2249	2262	2275	2287	2300	2313	
Maintenance Expenses	1247	1443	1452	1462	1471	1480	1489	1498	1508	1517	1526	1535	1544	1554	1563	1572	1581	1590	1600	1609	1618	1627	1636	1646	1655	
Energy Costs	384	444	558	561	496	498	501	504	506	508	512	514	516	519	521	524	526	529	531	534	537	539	541	545	547	
Chemical Costs	127	147	148	150	151	152	153	154	155	156	158	159	160	161	162	163	164	166	167	168	169	170	171	173	174	
Depreciation	2606	2715	2813	2914	2969	3023	3103	3117	3166	3225	3176	3178	3170	3181	3194	3208	3184	3214	3239	3238	3259	3259	3265	3265	3265	
System Assets	2453	2527	2577	2655	2693	2728	2746	2769	2809	2828	2844	2847	2851	2855	2856	2861	2862	2862	2871	2880	2885	2886	2887	2894	2895	
Plant & Equipment	153	188	236	259	275	294	357	348	357	396	332	331	319	326	338	347	322	352	367	358	373	373	372	371	370	
Interest Expenses	0	0	0	108	243	431	473	509	604	656	674	654	607	559	513	467	422	401	406	358	334	286	240	193	153	
Other Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
TOTAL EXPENSES	7032	7745	7984	8227	8382	8654	8809	8891	9066	9208	9211	9223	9199	9197	9194	9194	9155	9199	9260	9243	9272	9257	9239	9234	9225	
REVENUES																										
Rates & Service Availability Charges																										
Residential	7250	7305	7358	7405	7455	7508	7564	7615	7669	7717	7770	7821	7871	7927	7978	8025	8075	8130	8185	8236	8287	8340	8387	8440	8493	
Non-Residential	6210	6257	6303	6342	6385	6431	6478	6522	6568	6610	6655	6698	6741	6790	6833	6874	6920	6963	7011	7055	7097	7143	7184	7229	7275	
	1040	1049	1056	1062	1070	1077	1086	1093	1101	1107	1115	1123	1129	1137	1145	1152	1159	1167	1175	1182	1189	1197	1204	1211	1219	
Trade Waste Charges	147	148	148	150	151	152	153	154	155	156	157	159	159	160	161	162	164	164	165	166	168	168	170	171	172	
Other Sales and Charges	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Extra Charges	51	51	51	52	52	52	53	53	53	54	54	55	55	55	56	56	57	57	57	58	58	58	59	59	59	
Interest Income	434	312	202	97	51	50	41	34	34	30	35	40	36	40	33	28	24	28	31	31	30	26	31	34		
Other Revenues	150	151	152	153	154	155	156	157	158	159	160	256	257	258	259	260	261	262	263	264	265	266	267	268	269	
Grants																										
Grants for Acquisition of Assets	2042	3041	2041	40	39	39	38	38	37	36	35	35	34	33	33	32	32	31	30	30	29	28	28	28		
Pensioner Rebate Subsidy	2000	3000	2000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Other Grants	42	41	41	40	39	39	38	38	37	36	35	35	34	33	33	32	32	31	30	30	29	28	28	28		
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Contributions	323	323	323	323	323	323	323	323	323	323	323	323	323	323	323	323	323	323	323	323	323	323	323	323		
Developer Charges	323	323	323	323	323	323	323	323	323	323	323	323	323	323	323	323	323	323	323	323	323	323	323	323		
Developer Provided Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Other Contributions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
TOTAL REVENUES	10397	11332	10276	8219	8225	8279	8328	8375	8430	8475	8534	8689	8735	8797	8843	8888	8939	8994	9055	9108	9160	9223	9260	9378		
OPERATING RESULT	3365	3586	2292	-8	-157	-375	-481	-517	-636	-733	-677	-534	-464	-400	-351	-307	-216	-205	-205	-136	-112	-34	21	86		
OPERATING RESULT (less Grants for Acq of Assets)	1365	586	292	-8	-157	-375	-481	-517	-636	-733	-677	-534	-464	-400	-351	-307	-216	-205	-205	-136	-112	-34	21	86		

SMRC Sewerage : SMRC Sewerage Base Case

Cashflow Statement

FINMOD
WaterOz

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40	2040/41	2041/42	2042/43
Cashflow From Operating Activities																									
Receipts																									
Rates and Charges	7448	7504	7558	7606	7658	7713	7770	7822	7878	7927	7981	8035	8085	8143	8195	8243	8300	8350	8408	8460	8513	8566	8615	8670	8724
Interest Income	434	312	202	97	51	50	41	34	34	30	35	40	36	40	33	28	24	28	31	31	30	39	26	31	34
Other Revenues	150	151	152	153	154	155	156	157	158	159	160	161	162	163	164	165	166	167	168	169	170	171	172	173	174
Grants	2042	3041	2041	40	39	39	38	38	37	36	35	35	34	33	32	32	32	31	30	30	29	29	28	28	28
Contributions	323	323	323	323	323	323	323	323	323	323	323	323	323	323	323	323	323	323	323	323	323	323	323	323	323
Total Receipts from Operations	10397	11332	10276	8219	8225	8279	8328	8375	8430	8475	8534	8594	8640	8702	8748	8792	8844	8898	8960	9013	9065	9128	9165	9224	9283
Payments																									
Management	921	974	979	986	992	999	1005	1011	1017	1024	1030	1036	1042	1049	1055	1061	1068	1075	1081	1087	1093	1100	1106	1112	1118
Operations (plus WC Inc)	3606	4159	4295	4323	4282	4305	4332	4359	4385	4410	4437	4463	4489	4516	4541	4567	4591	4619	4645	4671	4698	4724	4747	4778	4803
Interest Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Payments from Operations	4527	5133	5274	5417	5516	5735	5810	5880	6006	6090	6142	6153	6137	6124	6109	6095	6081	6095	6132	6117	6125	6110	6093	6082	6074
Net Cash from Operations	5870	6199	5002	2803	2709	2544	2518	2495	2424	2385	2392	2441	2503	2578	2639	2697	2763	2803	2828	2896	2940	3017	3072	3142	3209
Cashflow from Capital Activities																									
Receipts																									
Proceeds from Disposal of Assets	167	89	146	73	28	128	175	0	95	104	36	95	95	95	95	95	95	95	95	95	95	95	95	95	95
Payments																									
Acquisition of Assets	9060	10300	8490	9679	5699	7804	4360	3631	5107	4417	2519	2315	2002	2017	1408	2382	1978	2296	2963	1995	2574	1847	2368	1835	2222
Net Cash from Capital Activities	-8893	-10212	-8345	-9605	-5671	-7675	-4185	-3631	-5011	-4313	-2483	-2220	-1907	-1922	-1313	-2287	-1883	-2200	-2869	-1900	-2478	-1752	-2272	-1740	-2127
Cashflow from Financing Activities																									
Receipts																									
New Loans Required	0	0	0	2786	3624	5303	1725	1683	3283	2402	1562	762	0	0	0	0	0	657	1282	0	610	0	0	0	0
Payments																									
Principal Loan Payments	1428	0	0	94	217	400	462	527	646	736	798	836	847	860	872	884	896	933	986	999	1036	1052	1066	955	808
Net Cash from Financing Activities	-1428	0	0	2692	3406	4904	1262	1155	2637	1666	764	-74	-847	-860	-872	-884	-896	-275	296	-999	-425	-1052	-1066	-955	-808
TOTAL NET CASH	-4451	-4013	-3343	-4111	444	-228	-404	19	49	-261	673	147	-251	-204	454	-474	-15	327	256	-4	36	214	-266	447	274
Current Year Cash	-4451	-4013	-3343	-4126	444	-228	-404	19	49	-261	673	147	-251	-205	455	-474	-15	327	256	-4	36	214	-266	447	274
Cash & Investments @Year Start	18436	13644	9396	5906	1737	2127	1853	1413	1398	1412	1123	1752	1853	1563	1325	1737	1232	1187	1477	1691	1646	1641	1809	1506	1905
Cash & Investments @Year End	13985	9631	6054	1780	2181	1899	1449	1433	1447	1151	1796	1899	1602	1358	1780	1263	1217	1514	1733	1687	1682	1855	1543	1952	2179
Capital Works Funding																									
Internal Funding for New Works (\$'000)	1643	2159	1454	3450	642	502	1238	560	817	392	119	246	203	250	52	355	56	69	171	593	389	77	68	445	84
Internal Funding for Renewals	4502	4751	4509	2944	828	1044	426	1070	119	544	231	694	1425	1392	980	1652	1546	851	418	1028	810	1395	1924	1015	1763
New Loans	0	0	0	2766	3624	5303	1725	1683	3283	2402	1562	762	0	0	0	0	0	657	1282	0	610	0	0	0	0
Grants	2000	3000	2000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Capital Works	8145	9910	7963	9179	5094	6849	3389	3313	4219	3338	1912	1703	1628	1642	1032	2007	1602	1577	1872	1621	1809	1472	1982	1460	1847

SMRC Sewerage : SMRC Sewerage Base Case

Statement of Financial Position

FINMOD
WaterOz

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40	2040/41	2041/42	2042/43
Cash and investments	13985	9631	6054	1780	2181	1899	1449	1433	1447	1151	1796	1899	1602	1358	1780	1263	1217	1514	1733	1687	1682	1855	1543	1952	2179
Receivables	3302	3324	3346	3367	3388	3410	3431	3453	3474	3495	3516	3538	3559	3581	3602	3624	3645	3666	3688	3709	3731	3753	3774	3795	3816
Inventories	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Property, Plant & Equipment	82458	89694	95364	101991	104632	109226	110255	110714	112515	113566	112836	111943	110745	109550	107732	106874	105637	104687	104380	103106	102389	100947	100025	98566	97485
System Assets (1)	79966	87349	92736	99474	102251	107067	107985	108848	110976	112084	111590	110682	109460	108247	106424	105571	104311	103370	103088	101828	101142	99727	98832	97398	96350
Plant & Equipment	2492	2544	2628	2517	2381	2158	2270	1866	1539	1482	1247	1261	1286	1303	1308	1304	1325	1316	1292	1277	1247	1219	1193	1168	1144
Other Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL ASSETS	99745	102849	104763	107138	110201	114535	115135	115599	117436	118212	118148	117380	115906	114489	113115	111761	110498	109867	109801	108502	107803	106554	105342	104314	103490
LIABILITIES																									
Bank Overdraft	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Creditors	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Borrowings	0	0	0	2692	6033	10789	11788	12656	14984	16285	16652	16172	14931	13706	12500	11311	10139	9617	9678	8443	7812	6569	5343	4258	3346
Provisions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL LIABILITIES	0	0	0	2692	6033	10789	11788	12656	14984	16285	16652	16172	14931	13706	12500	11311	10139	9617	9678	8443	7812	6569	5343	4258	3346
NET ASSETS COMMITTED	99745	102849	104763	104446	104168	103746	103346	102943	102451	101926	101496	101208	100976	100783	100615	100450	100359	100251	100123	100059	99990	99984	99999	100056	100144
EQUITY																									
Accumulated Operating Result	96962	98183	98081	95680	93190	90542	87853	85193	82479	79734	77112	74697	72411	70245	68181	66212	64381	62606	60874	59254	57697	56256	54904	53651	52496
Asset Revaluation Reserve	2783	4665	6683	8781	10993	13218	15508	17763	19985	22205	24397	26523	28576	30550	32445	34249	35988	37655	39259	40815	42303	43738	45104	46414	47657
TOTAL EQUITY	99745	102849	104763	104461	104183	103760	103360	102957	102484	101939	101509	101220	100988	100795	100626	100461	100369	100261	100133	100069	100000	99994	100008	100065	100153
(1) Notes to System Assets																									
Current Replacement Cost	147686	152845	156299	161749	164391	166892	168131	169692	172509	173901	175019	175265	175468	175718	175770	176125	176182	176251	176922	177515	177904	177981	178049	178494	178578
Less: Accumulated Depreciation	67720	65496	63563	62275	62140	59825	60145	60844	61533	61817	63429	64583	66008	67471	69346	70555	71870	72881	73834	75686	76762	78253	79217	81096	82227
Written Down Current Cost	79966	87349	92736	99474	102251	107067	107985	108848	110976	112084	111590	110682	109460	108247	106424	105571	104311	103370	103088	101828	101142	99727	98832	97398	96350

SMRC Sewerage : SMRC Sewerage Base Case

Performance Indicators

FINMOD
WaterOz

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40	2040/41	2041/42	2042/43
Typical Residential Bills	900	900	900	900	900	900	900	900	900	900	900	900	900	900	900	900	900	900	900	900	900	900	900	900	900
Average Residential Bills (2018/19\$)	889	890	890	890	890	890	891	891	891	891	891	892	892	892	892	892	893	892	893	893	893	894	893	894	894
Mgmt Cost / Assessment (2018/19\$)	119	125	125	125	125	125	125	125	125	125	125	125	125	125	125	125	125	125	125	125	125	125	125	125	125
OMA Cost per Assessment (2018/19\$)	572	646	660	659	651	651	651	650	651	650	651	650	650	650	650	650	649	650	650	650	650	650	649	649	650
Operating Sales Margin (%)	11.69	3.42	1.12	0.03	0.43	0.08	-0.59	-0.50	-0.78	-1.27	-0.45	0.92	1.22	1.37	1.46	1.50	2.04	1.88	1.88	2.12	2.11	2.33	2.54	2.67	2.92
Economic Real Rate of Return (%)	1.13	0.30	0.09	0.00	0.03	0.01	-0.04	-0.04	-0.06	-0.09	-0.03	0.07	0.10	0.11	0.12	0.12	0.17	0.16	0.16	0.19	0.19	0.21	0.23	0.25	0.28
Debt Service Ratio	0.17	0.00	0.00	0.02	0.06	0.10	0.11	0.12	0.15	0.16	0.17	0.17	0.17	0.16	0.16	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.14	0.12	0.10
Debt/Equity Ratio	0.00	0.00	0.00	0.03	0.06	0.10	0.11	0.12	0.15	0.16	0.16	0.16	0.15	0.14	0.12	0.11	0.10	0.10	0.10	0.08	0.08	0.07	0.05	0.04	0.03
Interest Cover	0.00	0.00	0.00	0.92	0.35	0.13	-0.02	-0.01	-0.05	-0.12	0.00	0.18	0.24	0.29	0.32	0.34	0.49	0.49	0.50	0.62	0.67	0.88	1.09	1.44	2.00
Return on capital (%)	1.37	0.64	0.37	0.09	0.08	0.05	-0.01	-0.01	-0.03	-0.07	0.00	0.10	0.12	0.14	0.14	0.14	0.19	0.18	0.18	0.21	0.21	0.24	0.25	0.27	0.30
Cash and Investments (2018/19\$'000)	14001	9647	6069	1810	2210	1928	1476	1460	1473	1176	1821	1924	1625	1382	1803	1285	1238	1535	1754	1707	1701	1874	1562	1970	2197
Debt outstanding (2018/19\$'000)	0	0	0	2692	6033	10789	11788	12656	14984	16285	16652	16172	14931	13706	12500	11311	10139	9617	9678	8443	7812	6569	5343	4258	3346
Net Debt (2018/19\$'000)	0	0	0	882	3823	8861	10312	11196	13511	15109	14831	14248	13306	12324	10697	10026	8901	8082	7924	6736	6111	4695	3781	2288	1149